Austria ... Sch. 16	Indonesia .. Rp 2500	Portugal ... Esc 80
Bahrain .. Din.0.650	Italy .... L 1300	S. Arabia .. Rls 6.00
Belgium BFr.38	Japan Y550	Singapore . S$ 4.10
Canada ... C$2.00	Jordan ... Fils.500	Spain ..... Pta 110
Cyprus ... C£0.60	Kuwait Fils.500	Sri Lanka ... Rup 30
Denmark .. Dkr.7.25	Lebanon .. L£ 6.00	Sweden .. Skr 6.50
Egypt ..... E£1.00	Luxembourg . LFr 38	Switzerland SFr 2.20
Finland .. Fmk 6.50	Malaysia .. Rin 4.25	Taiwan ... NT $65
France ... FFr. 6.00	Mexico .. Pes. 300	Tunisia .. Din 0.650
Germany .. DM 2.20	Morocco .. Dh 6.00	Turkey ..... L 210
Greece ..... Dr 70	Netherlands . Fl 2.50	U.A.E. ... Dh 6.50
Hong Kong . HK$ 12	Norway .. Nkr. 6.00	U.S.A. $1.50
India .... Rup. 15	Philippines . Pes. 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,521 — Friday January 11 1985 — D 8523 B

The army surrenders control in Brazilian elections, Page 10

NEWS SUMMARY

GENERAL

India to seek Bhopal mediation

The Indian Government is to ask international agencies such as the UN and the Commonwealth Secretariat to mediate on compensation claims against Union Carbide for victims of the Bhopal gas disaster and investigate a possible out of court settlement.

Nearly 2,000 individual compensation claims are being lodged against Union Carbide in Bhopal under a Government legal aid scheme.

The claims will probably be taken over soon and merged into a collective case by the state government in Madhya Pradesh, of which Bhopal is the capital. **Page 3**

New Israeli sites

Israel chose sites for six new settlements in the occupied West Bank to be built by the autumn.

Priest plot denied

Col Adam Pietruszka, accused of murdering Polish priest Jerzy Popieluszko, denied knowledge of a plot and accused subordinates of inventing evidence against him. **Page 2**

Greek reform plan

Greece's socialist Government unveiled a new electoral system, increasing small parties' chances of getting into parliament. **Page 2**

Trade talks plea

West Germany and Japan called on developing nations to join them and other industrialised countries in new international trade talks, a Tokyo Foreign Ministry spokesman said.

Ecuador death toll

Five people were killed, 50 injured and over 300 detained on the first day of a 48-hour general strike called by trades unions in Ecuador in protest against fuel price rises. **Page 5**

Unesco session

Unesco will hold an extraordinary session of its executive board next month to discuss the consequences of withdrawal of the U.S., the United Nations agency announced.

N. Korea accused

South Korea accused North Korea of unreasonably postponing talks and insisted that trade and Red Cross negotiations aimed at reuniting Korean families be held this month as scheduled.

Subversion trial

Five Iranians and one Kuwaiti will stand trial accused of sabotage and participating in efforts to overthrow the Kuwaiti regime, the daily newspaper al-Watan reported.

Tamil leader shot

A Tamil guerrilla leader was shot dead by Sri Lankan security forces during a raid on a camp in the northern Jaffa.

Blast kills four

Four people were killed and several believed to be buried in rubble after a gas explosion destroyed a block of flats in south-west London.

Falklands garrison

British Under-Secretary of State for Defence Lord Trefgarne, on a visit to the Falklands, said there would be no big reduction in the 4,000-strong island garrison. **Page 5**

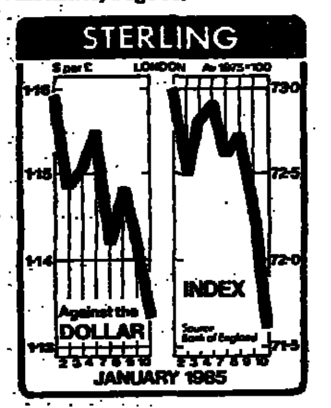
Rome sextuplets

A woman, aged 30, gave birth to six baby boys in Rome after taking a fertility drug. Doctors said the babies, the biggest weighing only 1.3kg, would not be out of danger for two days.

BUSINESS

Sterling falls to record low level

STERLING hit another all-time low against the dollar in London losing 85 points on the day to close at $1.1335. It was also lower at DM 3.5675 (DM 3.6075), SwFr 2.99 (SwFr 3.02), FFr 10.995 (FFr 11.03) and Y287.25 (Y290.25). The pound's exchange index was also at an all-time low, closing at 71.6 from 72.3. In New York it was $1.1285. **Page 12; Currencies, Page 35.**



DOLLAR was also weaker in London, falling to DM 3.143 (DM 3.163), SwFr 2.635 (SwFr 2.6515), FFr 9.625 (FFr 9.685) and Y253.7 (Y255.05). On Bank of England figures its index fell to 145.7 from 145.9. In New York it was DM 3.1542, SwFr 2.6460, FFr *9.6650 and Y253.70.* **Page 35**

EUROPEAN bourses again set records, although profit-takers emerged on cue. **Frankfurt** indices hit new peaks — the Commerzbank index rose 4.7 to 1,146.1 – but did not reflect late declines.

Amsterdam hit a peak as the ANP-CBS index rose gained 1.7 to 188.6 on heavy foreign demand. Paris, underpinned by interest rate optimism, saw a 2.30 advance in the CAC General index to a record 189.00. **Milan** rose to another 12-month peak.

London ended its record run with an easier tone. The FT Ordinary index shed 0.7 to 982.4, while gilts lost up to ⅝. In **Tokyo** shares hit a third consecutive record with a 60.81 surge in the Nikkei Dow market average to 11,824.38. **Details, Section III.**

WALL STREET: The Dow Jones industrial index closed up 20.76 at 1,223.50. **Section III**

GOLD recovered $3.20 on the London bullion market to close at $303.75. It was also stronger in Zurich at $303.25. In New York the Comex February settlement was $304.30. **Page 34**

NEW ZEALAND abandoned almost all exchange controls in the latest move to liberalise the country's financial system. **Page 3**

JAPAN *can expect a "steep deceleration"* in export growth in the second half of the fiscal year beginning in April, according to Sumitomo Bank's latest annual economic outlook. **Page 4**

NATIONAL Semiconductor of the U.S. *will shut down its production* facilities and give most of its workers two weeks' unpaid leave in February, because of "continued softness in demand."

U.S. SECURITIES and Exchange Commission yesterday accused Charter Company, the Florida oil refining and insurance group of improperly accounting for profits and inflation earnings by $28.7m for 1981, 1982 and 1983.

SINCLAIR of the UK launched its £399 ($452) single-seater electric vehicle. **Page 7**

CIBA-GEIGY, the Swiss chemicals group, will take a SwFr 290m ($109.4m) charge against profits for 1984 after abandoning a West German venture. **Page 13**

THORN EMI reported a 28 per cent *fall* in pre-tax profits to £40.2m ($45.4m) after a sharp deterioration in the UK television and video market and losses in the North American music business. **Lex Page 12; Details, Page 16**

Volcker says U.S. is 'addicted' to foreign capital

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

MR PAUL VOLCKER, chairman of the Federal Reserve Board, has warned that the U.S. is becoming "addicted to a large flow of capital from abroad" to finance its budget and current account deficits.

This reliance on foreign borrowing makes the U.S. vulnerable to a "swing in sentiment" that could *make it more difficult to obtain sav*ings from abroad.

Mr Volcker, speaking at a Washington Post business luncheon yesterday, said that monetary policy could maintain domestic demand, but could not correct the current imbalance between U.S. savings and investment. There was no substitute for dealing strongly with the budget deficit, he said.

More forceful action on the deficit would benefit both the U.S. and other countries, Mr Volcker said. From the economic viewpoint, it would be best if the deficit could be brought under control by spending cuts alone. If this was not politically possible, the Administration would have to face up to raising revenue, with the least possible damage to incentives and investment.

Mr Volcker said that with the U.S. economy slowing down, the other industrialised countries should take up more of the burden for ensuring international expansion. He feared, however, that their policies might be "frozen in place" by the weakness of their currencies and the flight of their savings abroad.

In general, Mr Volcker said, the U.S. was making continued, welcome progress against inflation. He warned, however, of flaws in the *pattern of the recovery that needed* to be corrected.

The control of inflation required "eternal vigilance," and he was not about to "declare victory" over it. He said, however, that U.S. inflation was now as low as it had been at the bottom of the last recession and that a built-in trend towards more stable prices was beginning to take root.

Inflationary expectations were becoming more moderate, leading to greater confidence and stability in consumer and business behaviour, he said. That combined with strong upward pressure on the dollar, gave the Fed "a little more flexibility" in maintaining demand consistent with controlling inflation.

In general, Mr Volcker said, the U.S. economy could be at the begin*ning of a new era of sustained and* more stable growth that could last into the 1990s. There were, however, "an awful lot of buts," particularly on the inflation front, and the massive trade deficit was not "sustainable."

The slowdown in U.S. economic growth that began in the summer was not at all unusual after a period of economic expansion and might be part of the "normal ups and downs" around an upward trend. There were, however, unique ele*ments in the latest expansion that* might require policy adjustments, he said.

Wall Street, which had made a dull start to trading, picked up sharply in the last hour of trading in the wake of Mr Volcker's comments. At the close, the Dow Jones industrial average was up 20.76 at 1223.50.

Mr Volcker's statement on the deficit followed hints by President Ronald Reagan that he may sidestep his pre-election pledge not to touch social security benefits – a *potential political minefield* – in his drive to reduce federal budget deficits now running at over $200bn a year. He is still insisting, on the other hand, that he will not countenance a tax increase or deep cuts in defence spending.

In his nationally televised news conference on Wednesday night, Mr Reagan said that he would have to take a new look at social security

Continued on Page 12

British Telecom boosts profits by 48%

By Jason Crisp in London

BRITISH TELECOM increased pre-tax profits by 48 per cent to £684m ($773m) in the six months to September.

The results, the first since the formerly state-owned telecommunications group's world-record share flotation late last year, were in line with the full-year profit forecast of £1.35bn contained in the prospectus, said Sir George Jefferson, the British Telecom (BT) chairman.

Although capital expenditure was up $135m to £855m in the first half, the level of spending on exchange equipment was slightly down on last year and significantly less than budgeted.

Exchange equipment is by far the largest part of BT's capital programme, which is expected to reach a record total of £1.8bn in the full year. The fall in expenditure is because of the continuing delays in getting System X – the new generation of sophisticated digital exchanges – running properly.

*BT spent only £27m on digital ex*changes in the first six months. It is expected to spend a similar figure in the second half, compared with £39m last year. Mr Doug Perryman, finance director, said BT was spending more on computers than expected. He also said orders for System X would take off shortly.

International telephone calls continued to be BT's greatest growth area with a 12 per cent increase in traffic. Long-distance calls within the UK rose 9 per cent and local calls were up by 7 per cent. As a result, BT's turnover rose 10.6 per cent to £3.68bn.

The sharp increase in BT's profits is partly a result of a number of special factors mentioned in the prospectus. Those were: ending of a special provision for depreciating obso*lete apparatus; reduced interest* charges as a result of its capital reconstruction; and lower pension contributions.

The special factors accounted for £123m, which means that BT's pre-tax profits were effectively 27 per cent higher. The company pointed out that its costs had only risen 6.4 per cent compared with the previous period. Staff costs rose 3.6 per cent as there was a total reduction in employees of 5,400.

Like other British state companies which have been sold to the private sector, BT's board has awarded itself substantial pay rises.

A committee of the non-executive directors has increased Sir George's remuneration to £160,000 a year from January.

In the last accounts, he was paid £84,000.

Lex, Page 12; Details, Page 17

Paris 'will not relax policy to win votes'

BY DAVID HOUSEGO IN PARIS

M LAURENT FABIUS, the French Prime Minister, whose Government faces crucial parliamentary elections in spring 1986, yesterday pledged that there would be no change of economic policy for electoral purposes.

His statement to a meeting of French businessmen was designed to squash a widely voiced rumour that the Socialists would relax curbs on public expenditure and give a small boost to public sector salaries in advance of the 1986 elections. Traditionally, French administrations have been no more averse than governments elsewhere to indulging in a little pump-priming before going to the polls.

M Fabius ruled this out on the grounds that the Government would not put at risk the improvement in the French inflation rate and in France's external accounts that was taking place.

He said that the Government was also committed to a long term programme to improve the competitive position of the French economy.

In part M Fabius's comments reflect a realistic assessment that the Socialists enter the electoral campaign in a weak position and that there is no way of engineering a substantial change in the economic landscape over the next 18 months. They also reflect the fact that the size of France's budget deficit and foreign indebtedness leaves little room for manoeuvre in stimulating the economy.

Nevertheless, the reduction of the banks' base lending rates by ½ percentage point on Wednesday and the measures already included in the 1985 budget for lowering personal income tax reflect the Gov*ernment's anxiety to maintain as* buoyant a level of economic activity and of household incomes as possible.

M Fabius also appeared to rule out a devaluation of the franc this year to make good the cumulative differential in inflation rates between France and West Germany.

He said that a readjustment within the European Monetary System would only be relevant in circumstances in which the Government abandoned its economic policy, "of which there is no question," or of a sharp decline in the dollar, "which is in no way envisaged."

Insee, the official statistics institute, is believed to have included a small devaluation of the franc in its forecasts for the first half of 1985, which show a FFr 12bn ($1.24bn) trade deficit.

M Fabius said that the Government would continue to rein in public expenditure in 1986 and that would totally lift price controls before the dissolution of the National Assembly next year. He also said that it would again cut personal income tax next year.

M Fabius described 1985 as a year of consolidation for the French economy in which the Government would seek to build on the gains al-

Continued on Page 12

Apple seeks 'strategic alliance' with Wang

BY LOUISE KEHOE IN SAN FRANCISCO

APPLE COMPUTER, the pioneer of the personal computer industry, is in the process of forming a strategic alliance with a leading U.S. manufacturer of office automation equipment, understood to be Wang Laboratories.

Wang said yesterday that talks at senior management level had taken place between the two companies, although no concrete announcement of intentions or projects was to be expected immediately.

Apple, which has repeatedly hinted over the past six months at talks with potential partners about joint marketing and product development, declined to confirm officially its discussions with Wang.

Its top executives are known to see such alliances as an important part of their strategy to increase Apple's share of the business personal computer market.

Industry analysts are now convinced that they have identified Apple's future partner. "Apple have had realistic discussions with as many as a dozen companies – strong, sizeable companies in the office automation field," said Mr Greg Kelsey, a computer industry analyst with Alton & Co of San Francisco.

Apple is not expected to announce which company it will marry immediately. "Apple want to be sure that any such arrangement is going to work out before it tells the world," said a company spokesman. Apple's caution may be based upon its aborted joint development agreement with Cullinet, a local area network company, announced in 1983 but never consummated.

"Apple announcements later this month will include new products focused on the business market and a joint marketing relationship with Wang in large accounts," predicted Mr John Dean, an analyst with Montgomery Securities in San Francisco.

Mr Dean said that his contacts within both companies have confirmed that the joint venture is under way. He also believed that General Electric Information Services Company's recently announced value added reseller (VAR) agreement with Apple was formed on the assumption that Apple would announce an alliance with Wang. Geisco previously held VAR agreements with Wang and IBM.

Apple's new products will probably include a local area network, a disk file server for the network, a laser printer, an attachment card for IBM PCs to co-exist on the Apple network and software for IBM PCs and Apple products to exchange data for use in industry standards applications software, said Mr Dean.

"Apple is working on a network interface that will enable its Macintosh computers to work on Wang's network," Mr Kelsey said.

Corporate matchmakers are comparing the characteristics of both Apple and Wang and predicting a successful relationship. There are clear benefits for both companies. Most important for Apple is Wang's strength in the office automation market.

Wang also needs a boost. Last month the company announced that it did not expect to reach its 30 per cent growth goal for the second quarter. Wang is losing market share in the highly competitive business computer field.

Sweden keeps tight rein on economy

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

THE SWEDISH Government is to maintain its restrictive economic policies despite strong signs that growth will be slower this year than in 1984.

The Government, in its budget published yesterday, promised action to ease income taxes, however, to ensure rising real incomes for wage earners during 1985 – an election year – if wage cost rises were limited to 5 per cent and if there was no serious deterioration in the current account of the balance of payments.

The budget is estimated to have a contractionary effect on the economy in 1985 equivalent to about 1.1 per cent of gross domestic product (GDP).

State finances are still heavily burdened by the mountain of debt run up during the second half of the 1970s and early 1980s, which had reached SKr 483bn ($53.44bn) by mid-1984. It has risen from a level equivalent to 20 per cent of gross national product (GNP) in 1975–76 to more than 60 per cent of GNP in 1983–84.

The Social Democratic Government has succeeded in stopping the increase in public expenditure, which had been rising by around 6 per cent a year in the 1970s. Public expenditure rose by only 2.1 per cent in 1983 and diminished by 0.4 per cent in 1984.

In the process, the deficit on the

Continued on Page 12

Economic recovery, Page 2

Hungary issues $100m FRN

BY MAGGIE URRY AND DAVID BUCHAN IN LONDON

HUNGARY has returned to the international bond markets for its *first debt issue since running into* financing difficulties in 1982.

The issue, a $100m floating rate note arranged by Nomura International, marks a significant step forward on the road to rehabilitating the country's international credit worthiness.

As Polish debt problems recede, bankers believe other East European countries may be able to tap this market in 1985.

Hungary has been able to borrow in the international bank loan market since 1982, but has been kept *away from the bond market by in*vestors' resistance to lesser-rated credits.

The interest payable on the bond issue, however, made in the name of the National Bank of Hungary, is a high ⅛ per cent above the London interbank offered rate for six-*month Eurodollar deposits. The* bond is most likely to be bought by banks, rather than other investors.

Hungary has slowly restored its financial position since a liquidity crisis two years ago and, according to Dr Janos Fekete, deputy national bank governor, ended 1984 with a $600m-$700m hard currency trade surplus, a $300m-$400m current account surplus, net debt of $4bn and reserves of $2bn.

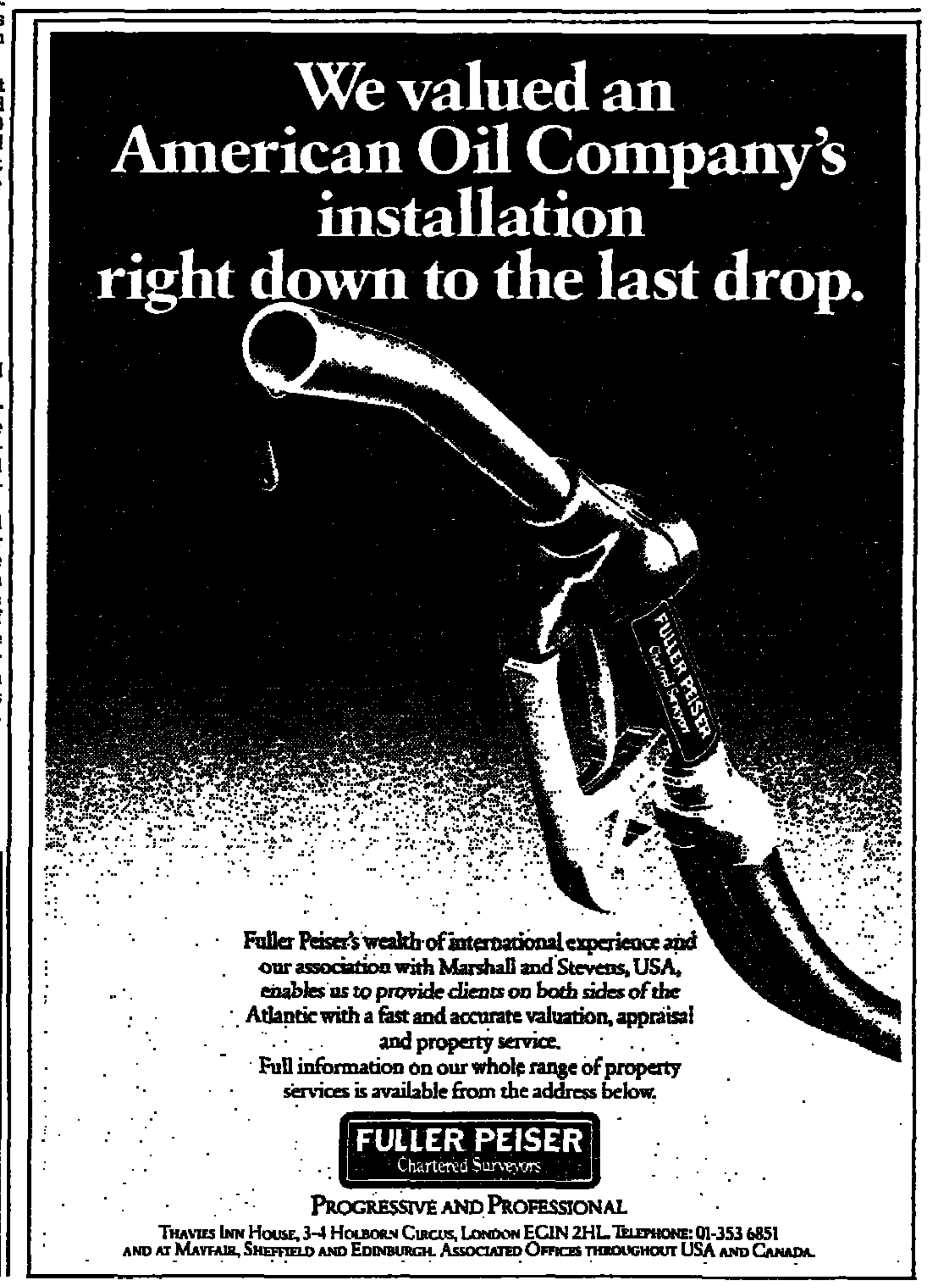
After standby credits in 1983-84, Budapest decided, after some wavering last autumn, that it did not *need to seek further credit from the* International Monetary Fund

For their part, IMF officials say another standby credit would have been hard to justify given the country's reserves and its evident ability to tap the commercial capital markets.

With relatively high debt per capita and debt service taking some 40 per cent of hard currency earnings, however, Hungary's external finances remain delicately balanced.

Dr Fekete maintains the real debt service ratio is under 30 per cent, if Hungary's barter with the Soviet Union of goods for oil, which would otherwise have to be paid in dollars, is taken into account. If Moscow has to pay for more "above plan" Hungarian farm produce for hard currency, which is likely given the bad 1984 Soviet harvests, this should also offset Hungary's disappointing export performances

Colombia starts talks with creditors, Page 5; Capital markets, Page 36



CONTENTS

Greeks revise electoral system

By Andriana Ierodiaconou in Athens

THE GREEK Government yesterday unveiled a new electoral system for the 1985 national elections, which enhances small parties' chances of getting into parliament but preserves a built-in advantage for the leading party.

The system is designed to minimise the possibility of having to resort to coalition rule. The Socialists' four-year term ends in October.

The new system, which the Government arrived at in close consultation with President Constantine Karamanlis, does away with an existing bias against parties polling less than 17 per cent nationally. These include the pro-Moscow Communist Party of Greece (KKE) and small Euro-Communist, centrist and ultra-right parties.

The system, however, stops short of direct proportional representation which the Socialists pledged to adopt when they came to power in 1981.

In drafting the new system, the Government is understood to have had last June's European election results in mind. The Socialists polled 41.6 per cent, the Conservatives 38 per cent and the KKE 11.6 per cent.

According to unofficial estimates, under the system chosen a party with nationwide support around the 42 per cent mark would secure between 158 and 160 seats in the 300-member Greek Parliament.

The main brunt of critiscism against the Government on the new electoral law is expected to come from the KKE.

Kevin Done reports on the fortunes of the Swedish Government in an election year

Successful economics may not win votes

MR KJELL-OLOF FELDT Sweden's Finance Minister, has a small black money box on his desk. Visitors are invited to place a one-krona coin in the slot. A motor whirs into action the lid opens and a blue hand grabs the money and disappears.

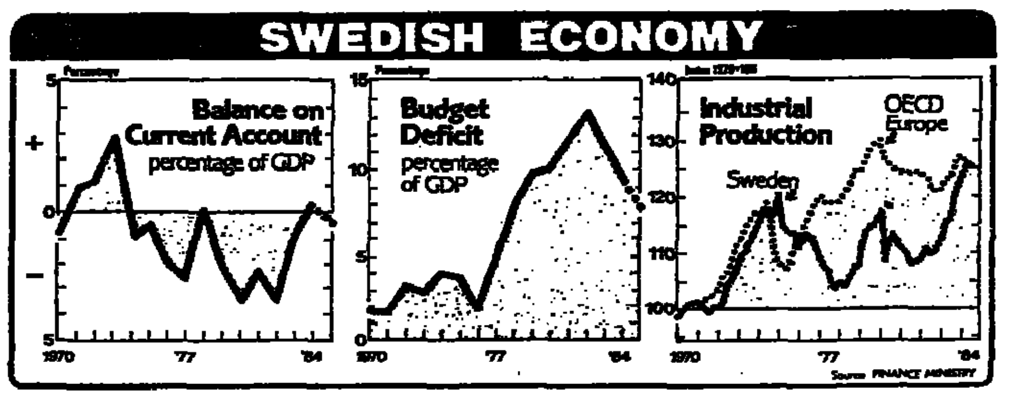
A verse on the box explains that the state budget deficit reaches from here to eternity. Every krona donated goes to the budget, and for each coin the donor can buy a little piece of eternity.

As Finance Minister, Mr Feldt has accustomed himself to thinking in the long term, but immediate political realities in Sweden are not beginning to loom larger. The ruling Social Democrats face a general election in September and for nearly a year they have been trailing badly in the opinion polls, despite an economic record which has proved better than even they dared hope when they took office in October, 1982.

On the economic front, the country has made considerable progress in righting the huge imbalances that developed during the second half of the 1970s and the early 1980s, when it was considered one of the sick men of Europe, unable to pay for its bloated public sector and unable to hold its place in international markets.

The 1985-86 budget, published yesterday, makes the proud boast that Sweden is one of the few countries which has been able in recent years both to bring down unemployment and reduce inflation, while at the same time practically eliminating the deficit on the current account.

The Government has been lucky. Its economic strategy—the so-called "third way"—was based on a dramatic 16 per cent devaluation pushed through in its first days in office in October 1982. The move infuriated Sweden's Nordic neighbours, not to mention the International Monetary Fund, but gave Swedish industry a level of international competitiveness it had not enjoyed since the beginning of the 1970s.



In two years, exports went up by 18.5 per cent; while imports rose by only 6 per cent. Market share lost during the late 1970s was regained and the deficit on the current account of the balance of payments—which had risen alarmingly to more than SKr 22bn (£2bn) in 1982—virtually disappeared.

Industrial production has increased by 15 per cent since the middle of 1982, compared with no more than 3 per cent in the rest of Western Europe. Employment in industry has also increased modestly while the service sector has continued to expand.

Full employment remains the Social Democrats' major goal and big spending on labour market measures, job creation, relief work and retaining kept unemployment as low as 2.9 per cent in November. The figure is closer to 7-8 per cent when those dependent on labour market support are included. Industrial investment picked up by 20 per cent last year with many export companies working at or close to capacity.

The Social Democrats have given up subsidising failing industries: in recent weeks the closure of one of the country's biggest remaining shipyards has been announced and Saleninvest, the country's biggest shipping company, has been allowed to go into bankruptcy.

"We have accepted the lessons of how wrongly we acted earlier," says Mr Feldt. "I told the bank managers we are not afraid of a bankruptcy. This Government is not prepared to bail out companies.

"We have restructured old industries, shipbuilding, steel, textiles and mining, remarkable in a European context. Steel capacity has been halved, special steels restructured, shipbuilding is a fifth of its earlier size, iron ore mines have been closed and textiles is still going through a tough restructuring."

Mr Feldt feels that the rpaid adjustment was made possible by the widespread commitment to full employment. "I was told Sweden could never adjust with its high taxes, strong trades unions and a Socialist Government, but we have," he said. "People can accept industrial change because they don't feel to the same extent (as elsewhere in Europe) that if they lose the job they have, they can never gain new employment."

But the celebratory tone of yesterday's budget presentation is haunted by a major spectre—inflation and rising labour costs. The Government's targets have been ambitious enough, but inflation has failed so far to obey its commands.

Its biggest failure to date has been its loss of control of the last wage round in spring 1984. Wages rose by 8-10 per cent compared with a 6 per cent target, and inflation by the end of the year was running above 8 per cent, double the 4 per cent target.

The Government has battled hard during the last six months to convince both employers and the trades unions that a rise in labour costs of 5 per cent is the maximum the country can bear, but it remains to be seen whether the message has got through.

The strategy is complicated by worries about this year's election. "We are fighting uphill," admits Mr Feldt, "We will improve in the polls this spring, but the question is whether we will gain enough to win on election day." He is confident that the non-Socialist Opposition, now comprising four parties, will have trouble holding a united front during the election campaign.

"They are divided on what they want to do, that will create confusion," he says. But there has been an undeniable wind of public opinion blowing towards the Right in Sweden in the last couple of years, and the Conservatives have emerged for the first time as the biggest opposition party.

The Social Democrats have been undeniably successful in hauling the Swedish economy out of deep crisis, but the Conservatives apear to be winning on more intangible issues, such as personal freedom, in a country thas is becoming increasingly tired of collectivist solutions.

Mr Feldt accepts that if ever the old Swedish alliance of the blue collar unions and the Social Democratic party faced a test, it is now. For, with the highest tax burden in the world, there are no new sources of revenue for Mr Feldt's little black money box except continued economic growth.

Nitze warns of tough obstacles ahead in arms reduction talks

BY RUPERT CORNWELL IN BONN

SOVIET insistence that British and French nuclear weapons be included in the forthcoming arms reduction negotiations with the U.S. remains among several tough obstacles in the way of any successful conclusion to the talks.

This was made clear yesterday by Mr Paul Nitze, the veteran special arms control adviser to Mr George Shultz, the U.S. Secretary of State, who warned in Bonn that this week's agreement by the two superpowers to resume bargaining was no more than a first step, albeit an important one, down a long and difficult path.

Earlier Mr Nitze had briefed Chancellor Helmut Kohl and senior West German Ministers on the outcome of this weeks talks in Geneva. According to Bonn officials Washington hopes that the substantial discussions with Moscow can start in March, almost certainly in Geneva.

Of the three areas to be tackled in the negotiations the one of most immedidate concern to West Germany and other European Nato countries is that of intermediate missiles, such as cruise and Pershing II and Soviet SS-20s.

Mr Nitze, who was at Mr Shultz's side throughout his two days of talks with Mr Andrei Gromyko, the Soviet Foreign Minister, said afterwards he saw no reason to expect any softening of the Soviet line on the British and French nuclear arsenals.

Moscow's insistence that these "national deterrents" should be included in calculations of intermediate weapon strength in Europe was an important factor in the collapse of the previous Euromissile negotiations in Geneva in November 1983.

The U.S. would consult closely with its European allies as the negotiations took firm shape, Mr Nitze said. But it was essential for Nato to continue with deployment of cruise and Pershing "until some kind of agreement is reached which makes this unecessary."

A further potential source of difficulty appeared to be the concept of "linkage" of progress in the three separate negotiating groups. The U.S. negotiator implied that Moscow would tie any agreement on intermediate or strategic weapons to a deal in the third area, on space weapons.

Washington was not in favour of any "self-denying ordinance," whereby an agreement in one of the three areas should not go ahead on its own if need be. That was the U.S. position, Mr Nitze said, "but the position of the Soviet Union is not quite the same."

Polish security official denies knowing of plot

BY CHRISTOPHER BOBINSKI IN WARSAW

COLONEL ADAM PIETRUSZKA, the most senior Polish security official accused of the murder of Father Jerzy Popieluszko, yesterday denied all knowledge of the plot and accused his subordinate of concocting evidence against him.

The 46-year-old former official told the crowded, closely-guarded courtroom that he and his ministry "had been brought up in accordance with Socialist humanism and held to the principle that the political enemy was to be combated ... by arguments and not by power or the naked fist."

He denied that former Captain Grzegorz Piotrowski, who had earlier testified that he had been told to go on his kidnap mission by Pietruszka, was telling the truth.

He said: "If Piotrowski had heard me suggesting that he go and push Father Popieluszko from a moving train as he has said, then he should have gone to my superior and told him I had gone mad."

"Such an order could not have been given in our ministry, where respect for the law is paramount," the Colonel said with apparent conviction, if with less credibility given the evidence that has been amassed against him in the case.

Colonel Pietruszka explained that wherever Piotrowski had talked of meetings where the former official had suggested illegal activities, he had in fact been talking of stepping up a series of protests about outspoken priests to the Polish bishops.

He called the pro-Solidarity priests a group who "had the cross on their chests but hatred in their hearts," and said that Father Popieluszko's sermons had contravened the theological doctrine of "love thy enemies." In his estimation, the problem was a peripheral one and came down to no more than several dozen clerics.

Indeed, he admitted that he may have told Piotrowski that the leadership of the ministry had wanted to put an end to their activity but by none other than legal means.

Earlier in the day, Mr Piotrowski finished giving evidence by refusing to answer any questions from lawyers representing the dead priest's family.

"I have known these gentlemen for some time and I know what can be expected of them," he said, glowering across the room at Mr Jan Olszewski and his colleagues. The presiding judge agreed that they should not even put their questions.

Spain, UK extradition pact likely

By Tom Burns in Madrid

SUSPECTED British criminals living in Spain who have earned the label "Costa del Crime" for the Mediterranean coastline may continue enjoying sunshine and sangria despite near agreement between Spain and Britain over an extradition treaty.

An estimated 100 suspects of serious crimes ranging from murder to robbery with violence wanted by British police are in Spanish coastline bolt holes thanks to the absence of any extradition agreement.

Spanish officials said yesterday that details had been "virtually finalised" on an agreement but they added that it would not be applied retroactively. This means that the wanted suspects already in Spain would be unaffected by the extradition terms.

Considerable efforts to restore an extradition agreement have been made since an existing one terminated in 1978, making Spain the sole Western European country without an extradition arrangement with Britain.

The officials said the blueprint of the agreement considerably speeded up the mechanisms for extradition and that it could be ready for implementation by September this year. All British subjects entering Spain after the implementation date would be liable to extradition, but strict Spanish rulings that bar the retroactive nature of legislation would prevent the agreement affecting those present in Spain prior to its ratification by parliament.

The catch for the wanted residents is that after implementation they will be restricted to continued living in Spain. Any travel outside the country and subsequent re-entry into Spain will, according to the proposed new letter of the law, make them candidates for extradition.

● British and Spanish officials held an all-day meeting yesterday in the town of La Linea which borders Gibraltar, with the aim of resolving logistical problems over the proposed total lifting of frontier restrictions next month.

Sr Francisco Mayans, a senior advisor to the Spanish Foreign Minister and head of the Madrid delegation at the talks, said the meeting had shown "a very good mutual negotiating mood."

Further talks are scheduled to take place today in Gibraltar in what will be the first time that an official Spanish delegation has maintained negotiations within the boundaries of the rock.

Border restrictions, first imposed in 1969 to press Spain's claims for sovereignty over the British colony, are due to be totally lifted on February, when British foreign secretary Sir Goeffery Howe and his Spanish counterpart Sr Fernando Moran are due to meet in Geneva to discuss outstanding differences between the two countries over Gibraltar.

The total sealing of the border was eased two years ago by the then-incoming Socialist Government

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Unesco calls meeting to consider U.S. withdrawal

BY PAUL BETTS IN PARIS

THE EXECUTIVE board of the United Nations Education Scientific and Cultural Organisation (Unesco) will hold an emergency session next month to review the implications and financial consequences of U.S. withdrawal.

The U.S. officially pulled out of the agency at the end of last year, depriving Unesco of 25 per cent of its budget. Its action was followed by the decision of Britain and Singapore to hand in notice last month of their intention to withdraw in 12 months' time.

The departure of the U.S. has shaken the Paris-based organisation which must now decide how to compensate for the loss in its budget. Most industrialised countries, including Britain, oppose an increase in member countries' contributions to make up for the shortfall. They want the agency to make further economies.

The special session of the agency's executive board which will take place from February 12-16 will discuss proposals to be put forward at Unesco's general conference next October

The U.S. decided to leave Unesco because of what it regarded as increasingly hostile anti-U.S. policies. It also called for budgetary, administrative and managerial reforms, their proper implementation and more effective Unesco programmes. Washington will keep six observers in Paris, however.

Netherlands money supply soars by more than 15%

BY LAURA RAUN IN AMSTERDAM

THE DUTCH money supply surged at an annual rate of more than 15 per cent in the third quarter last year, the fastest expansion in eight years, according to the central bank's latest report.

The bank attributed the rapid growth to "incidental" factors namely a heavy inflow of foreign capital and a government bond issue that drew a sizeable Fl 6.5bn (£1.5bn). Capital flowing into the Netherlands via securities transactions doubled to Fl 2.5bn in the third quarter compared with the preceding quarter, while capital outflows decelerated.

The central bank implied that the money supply bulge would not continue, but stopped short of recommending a policy change.

The rapid money supply growth was accompanied by a sharp drop in interest rates, however. The three-month money market rate plunged to 5.9 per cent by the first week of December from a peak of 6¾ per cent in July, while capital market rates sank from 8¼ per cent in July to 7¼ per cent at the beginning of November, the level at which the Government issued its final bond of the year.

The bank said the economic recovery slowed in the third quarter as growth in industrial production slipped to about 1 per cent from slightly above 1 per cent in the previous quarter. Operating capacity, however, edged up from about 82.5 per cent in the second quarter to 84 per cent in the third, the highest level since the early 1970s.

The third quarter also marked the first time since 1971 that the number of jobs did not shrink. Unemployment slipped below the psychological barrier of 800,000 to 795,000 in November, although the jobless rate persisted at 7 per cent.

هكذا صدر الأصل

OVERSEAS NEWS

India to ask world agencies to mediate on Bhopal claims

BY JOHN ELLIOTT IN NEW DELHI

THE INDIAN Government is to ask international agencies such as the UN and the Commonwealth Secretariat to mediate on compensation claims against Union Carbide for victims of the Bhopal gas disaster, and investigate a possible out-of-court settlement.

Nearly 2,000 individual compensation claims are being lodged against Union Carbide in Bhopal under a Government legal aid scheme. These claims soon and merged into a collecwill probably be taken over tive case by the state government in Madhya Pradesh, of which Bhopal is the capital.

This collective case might then be transferred to the U.S. if top Indian government law officers discover during a visit to Washington DC next week that such a move would be legally viable.

Mr H. R. Bharadwaj, India's new Minister of State for Law and Justice, said yesterday in an interview that "a settlement out of court, if it is possible, will be welcome."

Union Carbide is believed to be interested in striking an out-of-court deal. The claims are eventually likely to cover relatives of more than 2,000 people killed in the gas leak and a far larger number of people whose health and livelihoods have been affected.

Mr Bharadwaj said the claims and issues involved "cannot be left exclusively to lawyers." The Government would be asking "international humanitarian agencies" to intervene with Union Carbide.

Mr Bharadwaj's remarks show that now the Indian general election is over, the new Government is moving quickly to rationalise a chaotic legal situation that built up over legal representation immediately after the lethal gas leak on December 3.

As many as 30 U.S. law firms are estimated to have sent representatives to Bhopal, and some filed suits against Union Carbide in the U.S. for up to $15bn.

In Bhopal thousands of victims were signed up by the lawyers. Mr Bharadwaj said he had been told by Mr Arjun Singh, the Madhya Pradesh Chief Minister, that some of the lawyers had attracted clients by giving them each about 50 to 100 rupees (about £3.40 to £6.80) on account.

Now the Madhya Pradesh Government has set up free legal aid centres. Legal costs will be waived for the victims. Already 500 cases have been filed in Bhopal—some duplicating cases arranged by the visiting U.S. lawyers and more than 1,000 others are being finalised.

The Madhya Pradesh Government will soon amend its state law to allow it to pursue a collective case on civil charges. It will then take over the individual cases and apply immediately in Bhopal for interim relief.

This weekend Mr K. Parasaran, Attorney General of India, is flying to Washington with other officials to discuss the possibility of switching the case to the U.S. where compensation would probably be much higher than in India.

New Zealand to abandon most exchange controls

BY TERRY POVEY

NEW ZEALAND has abandoned almost all exchange controls in the latest move to liberalise the country's financial system by the six-month-old Labour Government. Exchange controls, in one form or another, have existed in New Zealand since 1938.

According to Mr Spencer Russell, governor of the Reserve Bank of New Zealand, the country's central bank, controls had been used to defend a "generally overvalued exchange rate" for many years but that "with the move to a more appropriate exchange rate and market determined interest rates, these restrictions are no longer needed."

In July, Mr David Lange, the newly elected Prime Minister, ordered a 20 per cent devaluation of the New Zealand dollar. An inflow of capital since then has boosted confidence in the national currency in spite of the US$11bn in foreign debts—one of the largest per capita levels in the world. Yesterday the exchange rate was NZ$2.12 to the U.S. dollar—only 8 cents lower than at the time of the devaluation.

Many bankers see the removal of exchange controls on residents as a prelude to the flotation of the dollar. In November the Government rejected a suggestion from the assistant finance minister to do this as inopportune.

With the annual pay round now successfully behind it, a US$1.5bn rephasing of its overseas debt in the bag and domestic funding buoyed by a very well received recent NZ$400m government stock tender, the Government may now feel confident to follow the flotation course, say bankers.

The changes, which came into effect on December 24, will allow the free movement of foreign currency and the NZ dollar in and out of the country. This will allow New Zealand residents freely to buy shares overseas and "will facilitate the setting up of New Zealand business enterprises" abroad. All that will be required of residents is a declaration of the purpose of the transaction for "statistical purposes" said Mr Russell.

New Zealand residents would no longer have to lodge foreign shares with the Reserve Bank and would be free to dispose of them as they wished.

Mr Russell emphasised, however, that the relaxation of exchange controls would not affect investments in New Zealand by foreigners. These would still require approval from the Overseas Investment Commission—although all indications are that this burden is also being lightened, at least for Australian companies.

Buthelezi, Kennedy differ over investment

By Anthony Robinson in Johannesburg

SEN EDWARD KENNEDY yesterday crossed swords with Zulu Chief Gatsha Buthelezi, hereditary chief of the largest black ethnic group and one of the staunchest supporters of foreign investment, especially if it can be attracted to his own impoverished homeland of Kwa Zulu in Natal.

Sen Kennedy has refrained from openly advocating disinvestment during his visit but has made cleart hat he would be making a statement on his position when his eight-day trip is over.

At their 90-minute session in Sen Kennedy's Durban hotel yesterday Chief Buthelezi argued strongly in favour of foreign investment and gave Sen Kennedy his own assessmento f the balance of forces in South Africa.

"Faced with the realities of Southern Africa black South Africans dare not become politically extravagant . . . rural areas are desperately overpopulated . . . there is no socialistic or communistic magic which will feed the hungry and house the poor . . . there is no international donor agency which will buy the time necessary to mount and survive failures and grand socialistic designs," he said in a statement.

Chief Buthelezi's view that it would be suicidal for blacks to mount a frontal attack on a politically determined and highly armed white minority but must work instead for gradual political, economic and social change within the capitalist system is anathema to many supporters of the African National Congress (ANC) and other left-wing groups who equate apartheid with capitalism and seek revolutionary change on Marxist lines.

Mr Kennedy has frequently come into contact with demonstrators from left-wing groups, such as the black consciousness Azanian Peoples Organisation (Azapo). Azapo's banners, shouted slogans and scuffles with the ever-obliging South African police have helped make Sen Kennedy's visit a memorable media event.

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Israel, S. Africa hold trade talks

By David Lennon in Tel Aviv

TOP-LEVEL economic discussions between Israel and South Africa were held here this week by a visiting delegation from South Africa, headed by Dr Joop De Loor, the director general of the Finance Ministry.

The annual meeting of the joint Israel-South Africa committee on economic and financial affairs held in Jerusalem discussed ways of improving trade and investment between the two countries. Israel is especially keen to reduce the trade deficit.

Israel and South Africa signed an economic and commercial agreement in the late 1970s, following a visit to Israel in 1976 by the late premier, Mr John Vorster.

Two-way trade now amounts to more than $200m annually, not including diamonds or military equipment.

Chris Sherwell reports on Vietnam's latest offensive

Hanoi changes Kampuchea tactics

THIS WEEK's seizure by Vietnamese forces of the rebel Kampuchean base of Ampil on the Thai border has brought their dry season offensive to a new, more delicate stage, raising important questions about the military strength of the resistance and about Vietnamese intentions.

Only yesterday, Ampil was reported to be under sharp counter-attack from guerrillas belonging to the Khmer People's National Liberation Front (KPNLF), which had made the camp its headquarters and had previously vowed to defend it before being forced to withdraw on Tuesday after a lengthy pitched battle.

The Vietnamese success, which means the KPNLF has now been deprived of all but one (mostly civilian) camp inside Kampuchea, has also magnified the loud chorus of criticiem directed at Hanoi from the U.S. and non-communist Association of South East Asian Nations (Asean), which embraces Thailand, Singapore, Malaysia, Indonesia, the Philippines and Brunei.

These countries are the chief political and military backers of the KPNLF, which is one of three resistance groups fighting to bring down the Heng Samrin regime installed by the Vietnamese in Phnom Penh exactly six years ago.

For the moment the KPNLF's retreat is being portrayed as a tactical withdrawal. Come the end of the dry season in March, its supporters say, guerrilla warfare against Vietnamese troops will resume. The continuing skirmishes buttress this view.

The retreat, however, is also being seen against the KPNLF's previous insistence that it was ready for any Vietnamese attack and would defend its bases. It must also be set against the Vietnamese forces' own failure to take Ampil last year, when—unlike this time—they did not use tanks.

Vietnam, backed by the Soviet Union, has been determined to wipe out this reverse and to counter suggestions that its supply lines have become overstretched or that economic difficulties at home are causing problems. Beginning its regular dry season offensive earlier than usual, it attacked Nong Chan camp in November and Nong Samet on Christmas Day.

By this week a total of eight KPNLF camps had been evacuated and an estimated 170,000 Khmer refugees had fled across the border into Thailand.

Attacks have also occurred on camps belonging to the other two groups, one led by the former Kampuchean ruler Prince Norodom Sihanouk and the other made up of the Peking-backed Khmer Rouge, the hated Communist group which ruled Kampuchea for three years until ousted by the Vietnamese. But it is clear that Hanoi has concentrated its efforts so far this year on the KPNLF.

Quite why it has chosen this strategy is not clear. At one level Hanoi seems keen to prevent a resumption of last year's rebel attacks in the Kampuchean interior, and is dealing with the KPNLF first rather than the bigger problem of the Khmer Rouge, which has about 30,000 fighters against the KPNLF's estimated 12,000

Thailand and Vietnam agreed yesterday on the demarcation of the frontier near the Kampuchean guerrilla base of Amphil, Thai army officers told Reuter. They said that Thai and Vietnamese representatives agreed on the demarcation after four meetings and that Vietnamese troops had pulled back from an anti-tank ditch they had insisted was part of Kampuchea. Thai and Vietnamese troops nearly clashed on Wednesday

At another level, however, Hanoi would probably like to knock out both the KPNLF and the Sihanouk group in order to isolate the internationally unpopular Khmer Rouge politically and help the Phnom Penh government to consolidate its position. On this basis, the Sihanouk group which has about 5,000 fighters, could find itself the next target unless the KPNLF can quickly regroup an rearm.

The Vietnamese could equally continue to leave the Sihanouk group virtually alone however, in order to split it further from the KPNLF and entice Prince Sihanouk into talks with Phnom Penh, an idea which has been mooted before.

The uneasy coalition of the three groups forged in 1982 could thus remain under strain, despite the wider political recognition it has won, notably in the United Nations, and despite the military advances it has made through some co-ordinated operations and attacks inside Kampuchea.

Vietnam, which maintains one of the world's largest standing armies and remains solidly backed by Moscow, is reckoned to have 160,000-180,000 troops inside Kampuchea, better armed and equipped than the guerrillas. A much larger part of its army is deployed on the northern border with China, where a 17-day conflict broke out in February 1979 as Chinese troops tried to "teach Vietnam a lesson" for its invasion of Kampuchea.

But the Vietnamese themselves have said they do not anticipate a withdrawal from Kampuchea for several years, and remain utterly opposed to the return of the Khmer Rouge in any form. Indeed, Hanoi sees major security problems in having anything other than a loyal client regime in Phnom Penh—just as Asean, and in particular Thailand, see similar difficulties with the present arrangement.

Although the Asean countries have proposed a basis for a negotiated settlement, involving a phased Vietnamese withdrawal and free elections, a deal along these lines seems unlikely, however difficult Vietnam's problems, without a separate and probably simultaneous understanding between Hanoi and Peking. Currently this seems as distant as ever, unless the apparent thaw in Sino-Soviet relations leads anywhere.

The outlook, both short and long term, is thus uncertain. The current dry season still has a long way to go, so continued fighting is likely before the rainy season brings a resumption of the diplomatic offensive ahead of the United Nations General Assembly session later in the year.

As ever, a resolution of the dispute hinges as much on the super-powers—China, the Soviet Union and the U.S.—as it does on the regional powers or, more relevantly, the guerrilla groups and their supporters among the hundreds of thousands of Kampucheans living in the border regions. For them, continued torment is the only certainty.

Mubarak to seek extra $1bn of aid from U.S.

By Our Middle East Staff

EGYPT is to ask the U.S. for an additional $1bn in economic and military aid during the new financial year beginning in October.

The request will be made by President Hosni Mubarak when he visits Washington in March, according to Prime Minister Kamal Hassan Ali in an interview with the Washington Post published yesterday.

Egypt currently receives just over $2bn a year in aid from the U.S. Mr Hassan Ali said that for the 1986 financial year his Government would be seeking $1.2bn in economic assistance, $1.7bn in military aid and a further $250m for additional grain imports.

The Prime Minister justified Egypt's demands by referring to the expected decline in revenue from oil, tourism and remittances from workers abroad.

Egypt has also made little secret of its intention to seek aid increases from the U.S. comparable to those granted to Israel. The Israeli Government has already succeeded in achieving payment of its entire aid allotment for fiscal 1985 and will be seeking additional sums both for this year and the next financial year.

Savimbi 'unhurt'

A French member of the European Parliament, just returned from a visit to Angolan rebel headquarters, yesterday denied reports that Unita leader Mr Jonas Savimbi had been wounded in an attack by government commandos, AP reports from Paris. Mr Olivier d'Ormesson said he had "important conversations with Jonas Savimbi and his general staff."

WORLD TRADE NEWS

Growth of Japanese exports forecast to decelerate sharply

BY JUREK MARTIN IN TOKYO

JAPAN CAN expect a "steep deceleration" in the growth of its exports, especially of electronics goods, in the second half of the fiscal year beginning in April, according to a leading Japanese bank.

In the opinion of Sumitomo Bank's annual economic outlook, the slowdown will mean that exports will cease to become the Japanese economy's major propellant. It estimates that the contribution of exports to the expansion of gross national product (GNP) will drop from a projected 60 per cent this fiscal year to 35 per cent in fiscal 1985.

The explanation lies, inevitably, in the progressive dampening of U.S. demand for Japanese products later in the year. The U.S. share of overall export growth will drop from over 70 per cent this year to about 40 per cent.

Exports to the U.S., which soared by 45.2 per cent in the last April-September period, will only be going up by 4.1 per cent year-on-year in the upcoming October 1985-March 1986 half year, the bank projects.

A similar contraction in export growth is foreseen for Japan's other major markets, with the notable exception of China. The bank calculates that China, which took an estimated *7.5 per cent of this year's* increase, will account for nearly 20 per cent of next year's smaller advance. In general the Asian market, including China, looks the most bullish for Japan.

Worldwide exports in fiscal 1985 should rise by 7.5 per cent, barely half this year's estimated 14.8 per cent advance. However, even though domestic consumer demand is expected to go up by 3.6 per cent from this year's 2.8 per cent, the forecast overall reduction in GNP expansion (from 5.6 per cent to 4.2 per cent) does not presage a narrowing of the trade surplus.

Sumitomo Bank believes that though the growth in imports will match in percentage terms that of exports, the trade surplus will rise from the current estimated $43.9bn (£36.7bn) to $47bn, with the balance of payments surplus on current account going up from $34.3bn to $37.5bn (which happens to be precisely the bank's estimate for fiscal 1985 long term capital outflow).

The bank's figures are not dissimilar from the general run of official and private forecasts. But there are interesting aspects to its assumptions and conclusions.

It assumes that the yen will be weak against the dollar in the first half of the year but strengthen later. It projects a trading range of Y20 plus or minus round a central rate of Y240 to the dollar; it also foresees a $2 drop, to $27, in the oil price.

Mr Kazuo Kida, the bank's chief economist, made clear his conviction that corporate capital investment plans, especially *in the electronics sector*, were closely tied to export performance. But, in spite of some likely deferment of capital spending in the second half of the year, fiscal 1985 should still see a healthy 7.7 per cent growth in capital investment, albeit down from this year's estimated 9.9 per cent.

Matsushita to make 30,000 VTRs a year in China

Matsushita Electric Industrial company will assemble close to 30,000 VHS-format video tape recorders (VTRs) a year in China from July, under an agreement expected to be signed *this month, AP-DJ reports from* Tokyo.

Matsushita, the world's largest consumer electricals company, has been assembling *VTRs* at the rate of several hundred a year in Peking for several years on a sample basis, but the new accord will mark the company's first commitment to full-scale output in China.

The VTRs will be assembled on a semi-knock down basis, using mostly parts imported from Japan with a few of the parts purchased in China.

Philippine Airlines to stop buying British

By Emilia Tagaza in Manila

PHILIPPINE AIRLINES said yesterday it was banning the purchase of British aircraft and equipment in its future procurement programme.

The move, announced by Mr Roman Cruz, the PAL president, is being taken in response to the proposed termination by the British *Government* of the UK-Philippines air services agreement.

Mr Cruz said it would be inconsistent for the airline to keep buying British aircraft in the face of what he claimed was an "unfair, uncivilised and discriminatory act" of the British Government towards the Philippine flag carrier."

PAL's domestic fleet consists entirely of British-made aircraft—11 BAC One-Eleven jets and 9 BAe 748 turboprops, both made by British Aerospace and powered by Rolls-Royce engines.

Mr Cruz said PAL is considering aircraft purchases for its domestic fleet. Aircraft manufacturers from the U.S., the UK, Canada, the Netherlands, Sweden and other countries are pushing sales of small range aircraft to PAL.

In blacklisting the British, Mr Cruz said, "We will not help the economy of a country which treats the Philippines harshly."

According to PAL, the proposed termination of the air agreement will mean the suspension of PAL's three-times-weekly service between Manila and London. British *Airways will also* stop flying to Manila. Also covered by the agreement are the flights between Manila and Hong Kong operated by PAL and Cathay Pacific, the Hong Kong based company.

The UK Government gave notice of the termination as a result of a dispute over PAL's desire to have three flights weekly between Manila and London. British Airways is also allowed three frequencies but is using only two a week.

When PAL applied for its third frequency in late 1983, the UK Department of Transport refused, claiming PAL had been carrying to London passengers from cities other than Manila as a result of en-route pickups.

NATO BAN ON SALES TO CHINA IGNORED, SAYS UK COMPANY

U.S. companies 'break embargo'

BY CHRISTIAN TYLER, TRADE EDITOR

PRIME MINISTER Margaret Thatcher, has been asked by a *British high-technology* company to investigate its claim that U.S. rivals are breaking an embargo imposed by the North Atlantic Treaty Organisation on the sale of strategic equipment to China.

The allegation is that the U.S. authorities are, by design or by default, allowing American companies to win valuable *orders denied* to British and other competitors by their stricter adherence to the Western allies' export controls.

Evidence of alleged infringements has been sent to Mrs Thatcher by Plasma Technology (UK), a small specialist maker of etching machines used in the manufacture of silicon chips.

Mr David Carr, a director of the company, said he had complained to the Prime Minister that the Department of Trade and Industry had been "unhelpful" and that Mr Paul Channon, Trade Minister, had consistently refused to take his allegations seriously.

Channon: "refused to take accusations seriously"

Plasma's complaint comes at a time of mounting frustration in Western Europe about the operation of the U.S.-dominated co-ordinating Committee (CoCom), whose members include the Nato countries (but not Iceland) and Japan.

CoCom members meet in Paris next month to try to speed up the vetting of exports to China following the marked improvement in commercial and political relations. There is a large backlog of applications, particularly from U.S. companies.

Plasma Technology's campaign began when it lost an order worth between £1m and £1.5m for 20 reactive ion etching machines destined for the Beijing Instrument Company.

The reason, according to Plasma, was *that it was told it* was most unlikely to get an export licence for the equipment since silicon chip processes are on the CoCom list of goods of potential military value to the enemy.

The contract was won by Plasma-Therm AB of Malmo, Sweden, jointly owned by Plasma-Therm Inc. based near Philadelphia, in the U.S., and a local company called Vacutec.

As a result of the British company's protests, the U.S. authorities began what the American embassy in London says is an "investigation," in the course of which a U.S. customs official has visited the UK company's premises in the West Country.

The crux of this particular dispute is whether or not Plasma-Therm AB is subject to U.S. export controls and CoCom vetting.

Mr Jeffrey Stackhouse, managing director of the UK subsidiary responsible for European export controls, a point he said had been confirmed by the U.S. State Department. Sweden is not a member of CoCom.

The *U.S. had no extraterritorial jurisdiction* in this case he said, because the technology had been developed by Vacutec in Sweden and Plasma-Therm AB was not a subsidiary but an associate company of the U.S. parent.

U.S. controls apply to overseas subsidiaries of American companies abroad and to any foreign registered company that uses U.S. technology.

The Department of Trade said: "We have always taken most seriously any allegation that is made and have in the past contacted the U.S. authorities about such allegations."

Madeiran dream on banking and trade moves closer to reality

BY DIANA SMITH IN LISBON

THE TINY Portuguese island of Madeira, a flower-decked tourist haunt 300 miles off the coast of North Africa, has taken a major step towards fulfilling its dream of establishing a free trade zone and off-shore banking centre.

Recent formation of the Madeira Development Company has given firmer shape to a 10-year-old aspiration. 25 per cent of the company will be owned by *the autonomous regional* government of Madeira, whose president, Sr Alberto Joao Jardim, is a fervent promoter of his island's interests.

It is understood that the majority *of the shares* will be owned by another new venture, the Madeira Investment Company, a private investment group led by Mr Paul Slater, president of the New York operation of Henry Ansbacher, the merchant bank.

The Madeira Development Company has been set up to promote, organise and operate the free zone and banking centre.

The free trade zone, aimed at finishing, re-packaging and trans-shipping goods for export, not for domestic consumption, will be at Canical on the eastern *most point* of the island.

The promoters have begun to tap international markets for part of the $20m (£16.6m)—a mixture of equity and debt—that is the estimated cost of setting up the zone and its infrastructure.

Road and port improvements and sizeable new storage facilities have to be tackled on a major scale before the project can be effective.

The Madeirans hope to attract major international manufacturers, especially the Japanese, to the zone. And with the islanders' special relationship with South Africa—where *700,000 Madeirans live*, more than double the island's population—they hope South African businesses can be induced to use the free zone as a bridge to international markets.

Eager to get the *project into* top gear by June, the Madeirans are rushing to finish road improvements between Funchal, their capital, and the airport, whose runway is being extended by 250 m to make it safer. But they need outside financial help for a better road between the airport and Caniçal to the east.

The Portuguese Government, used to being goaded by Sr Jardin *into pumping funds* into Madeira's modest economy, seems relieved that the Madeira Development Company is seeking financing for the free zone elsewhere than Lis-bon. Madeira has considerable legislative autonomy but has the final say, on major Lisbon often foots the bill and issues.

In 1980 and 1982 previous governments dominated by Sr *Jardim's Social Democrat Party* authorised Madeira to have a free zone, and laid down the basic regulations. But legislative work does not end there: a slightly bemused Lisbon now awaits fully detailed proposals approach from Madeira.

Jardin: fervent promoter of island

The offshore banking question seems particularly delicate. The all powerful Bank of Portugal, which usually takes a long time to examine any proposed changes to the banking system, has had no formal approach from Madeira

Once it receives the proposal the time taken by the Bank's painstaking officials to examine the question from every conceivable angle could turn the proposal yellow with age.

Swedes sign packaging deal with Peking

By David Brown in Stockholm

TETRA PAK, the privately-owned Swedish packaging company, has struck a licensing deal worth SKr 75m (£7.2m) for production of packaging material in China. The deal is part of a broad expansion of Swedish-Chinese trade and one of the largest single contracts signed between the two countries.

The contract includes the construction of a complete production facility and a further order for related machinery is expected shortly, Tetra Pak said.

The production line will have an annual capacity of 600m "Tetra brik" and "Tetra standard" packages per year, and will come on stream in early 1987. Tetra Pak's paper containers are used mainly for liquids such as milk and juice. The contract also includes training of Chinese personnel.

Sweden's exports to China, at some SKr 900m annually, represent only a fraction of its total foreign trade. However, trade between the two countries is growing quickly as Swedish companies benefit from Peking's wish to limit its dependence on trade with the superpowers.

Suharto approves China trade link

Portugal exported Esc 34bn nesia has given approval to a move to re-establish direct trade links between Indonesia and China, Opecna reports from Jakarta.

He has asked the Indonesian Chamber of Commerce and Industry (Kadin) to make preliminary contacts with its Chinese counterpart.

Mr Sukamdani Gitosardjono, President of Kadin, said the approval was given when he briefed the President on plans to penetrate the Chinese market. Direct trade with China, terminated in 1965 for political reasons, would boost Indonesia's efforts to reduce its dependence on oil revenues by stepping up non-oil exports.

Best foot forward

PORTUGAL exported Esc 34bn ($200m) of footwear in 1984, double the 1983 amount. Sales to the U.S. leapt from Esc 202m in 1983 to Esc 2.4bn last year.

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Colombia to talk with creditor banks on borrowing needs

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

COLOMBIA is to begin intensive talks soon with its leading commercial bank creditors about ways of meeting a gross borrowing requirement expected to total about $875m in 1985 and $375m in 1986.

Sr Roberto Junguito, Finance Minister, is visiting the U.S. this week to prepare for the meeting, which is tentatively set for January 23 and which will also be attended by representatives of the World Bank and the International Monetary Fund.

Colombia has no plans to reschedule its public sector foreign debt, but bankers acknowledge that the poor climate for Latin American debtors has necessitated a co-ordinated approach to borrowing in the free market.

They are in the process of setting up a Colombia Consultative Committee of about 10 banks, to be chaired by Chemical Bank. It will help organise Colombia's borrowing strategy, starting with the New York meeting.

A first task of this meeting will be to set up sub-committees of banks to examine Colombia's economy and the special problems affecting its $3.6bn private sector debt, some of which is due to be rescheduled.

However, it is expected to be some time before a detailed scheme for tackling Colombia's foreign borrowing needs can be worked out.

Gross financial needs from all sources this year amount to some $2bn, of which a major proportion is expected to come from the World Bank and Inter-American Development Bank. The World Bank has a particularly close relationship with Colombia but may have to tread carefully because of tough but discreet pressure by the U.S. for Colombia to clamp down on its narcotics trade.

A further possible complication is the desire of some of the country's 240 creditor banks for Colombia to seek an economic programme agreement with the International Monetary Fund. The proposal to ask the World Bank to monitor its economy has proved controversial.

About $200m of this year's $875m commercial bank financing requirement is expected to take the form of a co-financing loan with the World Bank.

Five die in Ecuador general strike violence

BY SARITA KENDALL IN QUITO

AT LEAST five people were killed and dozens jailed on the first day of a 48-hour nationwide general strike called by trades unions in Ecuador.

Burning barricades and rock-throwing students kept transport off the main streets of Quito, but other areas of the country were reported to be calmer. Although many factories shut down, public offices, banks and some shops kept their doors open for part of the day.

The Government said the effect of the strike was very limited, while union leaders claimed a victory.

The general strike, which has the backing of the Workers' Front (FUT) and the teachers' union as well as several political parties, was called after President Leon Febres Cordero's Government raised fuel prices and bus fares at the end of December. Ordinary petrol went up by 66 per cent but is still well below international rates at less than 50 cents a gallon.

FUT demands include a return to old fuel prices and a new minimum wage of $125 a month, more than double the existing level.

President Febres Cordero has had to take several unpopular measures since assuming power last August, and rumours of another devaluation, later denied, sent the sucre to 121 to the dollar on the free market yesterday, compared with a rate of 95.00 in the central bank.

The Government has been subsidising fuel prices, but the recent increase is also designed to keep down local demand. Ecuador is having to allocate evergrowing amounts of crude for domestic use, endangering future exports.

Crude oil accounted for two thirds of the country's export earnings in 1984 and helped give Ecuador a $1bn trade surplus.

Fighting overshadows Ortega inauguration

BY TIM COONE IN MANAGUA

INCREASED activity by anti-government guerrillas in the north and the Atlantic coast has overshadowed this week's ceremonies for the inauguration of Nicaragua's new National Assembly and the swearing-in yesterday of Sr Daniel Ortega as President.

Defence Ministry officials said that the small Atlantic coast port of Puerto Cabezas had been isolated by US-backed guerrilla attacks and that 13 construction workers had been killed on Wednesday near the town of San Juan de Limay in the department of Estell.

An American Maryknoll nun, Sister Nancy Donovan, was kidnapped in another incident but was subsequently released.

With Sr Ortega due to be sworn in late yesterday, the number of foreign officials was given a surprise boost by the appearence of Dr Fidel Castro, the Cuban leader. He had not been expected to attend. He was met at Sandinio airport by Sr Ortega, who has acted as the co-ordinator of the ruling Sandinista junta for the past five years.

Dr Castro is the most significant international figure to have come to Managua. Others present include the foreign ministers of the four countries representing the Contadora group – Colombia, Mexico, Panama and Venezuela.

The British opposition leader, Mr Neil Kinnock, is also in Managua with a Labour Party delegation. The foreign representation is at a lower key, however, than the Sandinistas would have liked after last November's elections.

Falklands troops to stay

BY OUR FOREIGN STAFF

A SHARP reduction of Britain's forces on the Falklands is unlikely after the new airport opens there this May, according to comments made by the UK Under-Secretary for Defence, Lord Trefgarne, while visiting the islands this week.

He told a news conference that modest reductions in force levels would be possible when the £250m ($285m) airport opens near Port Stanley. But he ruled out the idea of substantial cuts in the 4,000-strong troop contingent that has been defending the islands

"I would not expect to see a sharp rise or fall in our force levels unless it was clearly justified," he was quoted by Reuter as saying on Wednesday.

This statement appears to contradict previous government policy, which has laid stress on the airport as a means of both permitting a reduction in the garrison and cutting the islands' defence costs.

Campaign for UK tourists

BY JAMES McDONALD IN LONDON

THE DECLINING value of the pound against the dollar has discouraged many Britons from booking holidays in the U.S. So TWA and the New York State Department of Commerce, have launched a UK advertising campaign offering hotel, restaurant and theatre discounts in New York over the next three months.

The package has the advertising theme, "Welcome back to the two-dollar pound." It is offered by TWA, operated by Travellers Jetways and is based on two people travelling together on Super-Apex fares as low as £250 ($295) return. It is backed by a wide range of hotel, restaurant, theatre and sightseeing discounts of up to 50 per cent.

Hydroelectric project hauls the Eastern Amazon region into 20th century, **Ann Charters writes**

Brazil opens sluice gates to energy profits

WATER FROM the world's seventh largest river gushed through the sluice gates and vapour clouds emerged from the pounding water of the dam below. It looked as if Brazil had succeeded in hauling the Eastern Amazon region into the 20th century.

The dam at Tucurui uses the waters of the Tocatins river and the hydroelectric project cost $4.6bn for its first phase alone.

Tucurui is 280km from Carajas, the site of Brazil's largest known concentration of minerals including the world's largest reserves of iron ore, as well as deposits of bauxite, gold, nickel, copper and manganese.

Projects in the area that receive approval from Seplan, the Government interministerial council, are entitled to reinvest or make new approved investments with funds normally due in taxes. With a new energy source, a number of projects are now going ahead.

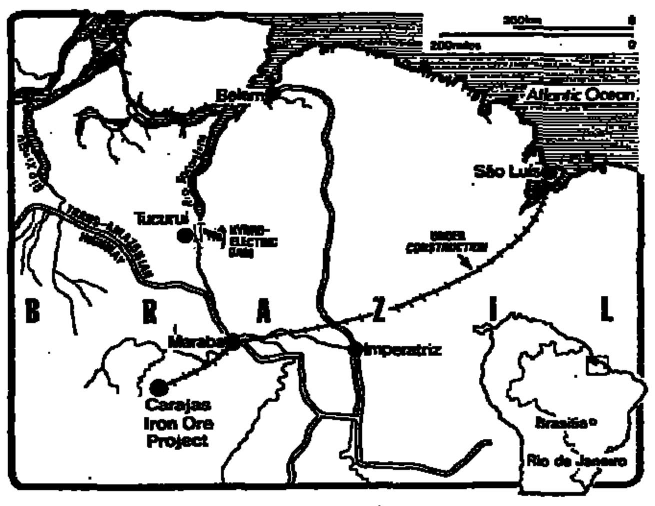
Major investment in aluminium and alumina production in the region has now started. Camargo Correa, which worked on the dam, recently paid $230m for a 35 per cent share with Alcoa in the second phase of Alumar, an aluminium complex in Sao Luis. Compahnia Vale do Rio Doce, a state-controlled mining company, is building another complex near Belem in conjunction with Japanese companies.

A 900km railway under construction is nearly ready for electrification. The railway originates in Carajas and passes through terrain suitable for agriculture and livestock before it terminates in Sao Luis, a north-eastern port on the Atlantic.

The installation at Tucurui made these projects viable and they alone were justification for the large government investment in the dam. It took eight years to build and will generate 3,960 MW of electricity by 1989. The dam is the world's fourth largest hydroelectric complex and the largest ever built in a tropical rain forest. The logistics of supplying materials from Brazil's industrial south to a site in the middle of the jungle that is drowned with rain from January to May were complex.

Access from the sea port of Belem, in the Northern state of Para, 300km downstream on the Tocatins river, was feasible even for heavy equipment, but the river level varies by as much as 17 metres during the year. An ingenious floating port was created to receive up to 42,000 tonnes of cargo a month.

Another port capable of handling up to 250 tonnes had to be built for the heavy electric mechanical equipment arriving by sea from France, road access to Belem was improved and an airstrip now used commercially had to be built.



The project set new records for the amount of earth moved and the amount of concrete poured in a single month, as the pace of the work speeded up in dry months. Because of special design requirements and the high temperatures at the site, which lies 3 degrees south of the equator, even pouring concrete was a challenge. Special equipment was built to refrigerate pebbles, cool water and produce ice.

The lack of accurate historical data on river flows and volume of water in the remote area led to a design for a dam to handle up to 68,000 cubic metres of water per second. In 1980, after construction was under way, heavy rain nearly flooded initial dam work at the site, leading to a new design for the spillway. It is now capable of handling a maximum flow of 110,000 cubic metres of water per second.

Camargo Correa, the company responsible for the civil engineering work, is one of Brazil's leading construction companies. It has worked internationally at the Guri dam in Venezuela and is looking to China as another market for its services.

The company declined to cite what income Tucurui, its largest present contract, contributes, but in 1983 it reported profits of $104m.

Clients for the electricity that Tucurui's 12 turbines are to generate by 1989 have already been found. So Electronorte, the state power company responsible for electricity generation in Northern Brazil, is pushing hard for final approval of the second phase, which could raise the dam's generation capacity to 7,900 MW at a cost of $1.4bn.

The cost presumes that the go-ahead is given soon, to take advantage of the trained workforce and the infrastructure from the first phase, all on site.

Negotiations on financing the second phase are under way with the French Government and French companies which funded a large portion of the first phase in a conbination of government-to-government loans and suppliers' credits. A decision on whether to expand Tucurui is expected in the next few months, after Brazil's presidential election.

The construction generated some controversy, with occasional funding crises delaying payment for the project, which grew increasingly expensive. A company with no experience in forest clearing, which was contracted to remove trees from the area where the reservoir was to be, went bankrupt and abandoned the project.

Although Electronorte does not expect decaying vegetation now under water to affect adversely the reservoir or the operation of the dam, the quality of the water is being monitored. The volume of the water in the Tocantins river suggests that the reservoir will be renewed every two months.

While the reservoir is rising, Electronorte has mounted "search and save" operations for animals stranded on islands or in treetops. Before the area was flooded, botanists and biologists collected seeds, plants and animal specimens for study. Charges that defoliants used to clear paths for transmission lines from the dam caused the deaths of animals have been investigated.

It is natural that a project such as this, which has potential to transform as well as disrupt the region's pattern of life, should continue to be the source of heated debate. The ecology will of course be affected, but many Brazilians feel this is a necessary trade-off to tap the wealth of the area and to improve the prospects of the local population.

TECHNOLOGY

EDITED BY ALAN CANE

'INTELLIGENCE' IS ALL THAT KEEPS BAEs' LATEST FIGHTER IN THE SKY

Why this aircraft thinks it can fly

BY LYNTON McLAIN

TUCKED AWAY from prying eyes at Europe's largest combat aircraft factory, on the Ribble estuary, Lancashire, is a revolutionary fighter, just 18 months from its first flight with a control system as advanced as that on the U.S. space shuttle.

The fighter is the EAP, *the* experimental aircraft programme demonstrator. This revolutionary fighter from British Aerospace, Warton division, has been designed from the outset to be totally *unstable* in flight.

The aircraft would fall out of the sky, if it got that far, but for artificial stability induced by computers. There are no safety back-ups.

British Aerospace has 60 companies across Europe co-operating in the development of its experimental aircraft programme demonstrator. Many of the leading sub-contractors are based in the UK, but Aeritalia, the Italian aerospace company is also involved. Aeritalia is making the port main wing, in carbon fibre. Industrial manufacturers in West Germany are also involved, but the main German aerospace company Messerschmidt Bolkow Blohm is not involved and the design of the EAP is entirely with BAe.

In contrast to BAe's desire for extensive co-operation in Europe on its EAP, the French competitor to demonstrate new technologies, the Dassault ACX, *avion de combat experimental,* is a 100 per cent French project. ACX is based on the "relaxed stability" systems on the Dassault Mirage 2000 fighter.

Nothing like it has been attempted from scratch in Europe's aerospace industry before. The French and West Germans have rival ideas of their own in the run-up to crucial decisions on the £15bn "Eurofighter" plans for the 1990s. The secrecy at Warton is as much to keep rival commercial eyes at bay as to protect military hardware.

Such is the confidence at British Aerospace and among its UK industrial partners who have put their own risk money into the EAP, that June 1 1986 has been set as the date for the *maiden flight of this unique* unstable aircraft.

Unstable flight offers some crucial advantages for air force strategists. The change in design thinking also has implications for suppliers in industry. Unstable aircraft are smaller, 10 to 15 per cent lighter and much more dependent on computers than conventional aircraft. The lighter weight allows smaller engines to be used, using less fuel and offering extended range. There are no *mechanical* controls on the EAP.

Deliberate instability sounds the worst possible way to design an aircraft. Stable aircraft, however, are difficult to manoeuvre in tight circles demanded by military planners for the aerial dogfights of the 1990s.

> Stable aircraft are designed to fly at their best in straight lines. Unstable aircraft; on the other hand, are highly responsive to a pilot's need to manoeuvre quickly

Stable aircraft are designed to fly at their best in straight lines. *Any attempt to change* the course of a stable aircraft is "resisted" by the aircraft.

The pilot has *to fight,* with the help of mechanical actuators, against the aircraft's natural stability if he wants to bank, turn, climb or dive.

This is hardly ideal if the pilot is engaged in a fast-moving dog fight.

On the other hand, aircraft designed from the outset to be unstable are likely to be highly responsive to a pilot's demand to manoeuvre rapidly. The unstable aircraft willingly moves *in any direction, assuming a* way can be found to control this instability.

Such an aircraft, like the EAP demonstrator, has no stability for the pilot to fight against. The unstable aircraft is designed to be thrown around the sky.

The method of controlling this deliberate instability is called "active control tech*nology" and BAe has a lead* in the technique that is likely to become a standard feature of many military aircraft over the next two decades.

The potential prizes are enormous. The British experimental aircraft programme is a likely forerunner to the proposed five-nation European fighter aircraft project. This involves aerospace industries in the UK, France, West Germany, Italy and Spain.

The project could lead to *orders for 1,000 Eurofighters* shared between the partners, worth about £15bn. The project is subject to a final go-ahead for the EFA by defence ministers in Rome in March. Much attention in the interim is likely to be focussed on progress with the UK experimental aircraft programme.

The UK demonstrator aircraft is designed to flight test several *new and emerging technologies,* with active control technology at the forefront. Other technologies to be on the aircraft include carbon fibre composites, superplastic forming, diffusion bonding and the use of thermoplastics. The EAP will also have one of the most advanced of cockpits. This will be empty of conventional dials, gauges and instruments and *filled with multi-colour* television displays. Pilots will have to be "re-educated," BAe says.

These technologies have the potential to revolutionise aircraft design into the 21st century on their own, but the decision to design the aircraft from the outset to fly in a totally unstable condition is the greatest, most fundamental change.

A go-ahead for the EAP was possible because of the success of flight trials with the crucial active control technology on a Royal Air Force Jaguar fighter. The ACT Jaguar was made deliberately unstable by adding almost a quarter of a ton of lead weight to the tail and fixing fat wing extensions to the front.

The extra weight brought the Jaguar close to its "tipping limit," as was shown when the pilot climbed out after a test flight. The nose of the Jaguar rose dramatically.

The modified Jaguar would distintegrate on take-off if it was not fitted with active control technology.

Riding a bicycle is a good analogy for how ACT works. A rider falls off if he or she does not concentrate to constantly change balance on the cycle. The brain does the concentrating and analysis of input from the senses and gives feedback to muscles to balance the cycle.

On the ACT Jaguar, high speed digital computers analyse input from sensors which moni*tor changes in the position of* the unstable aircraft. These changes are happening many times a second and if the pilot wants level flight, he leaves the controls alone and the computer signals the control actuators to keep the aircraft level.

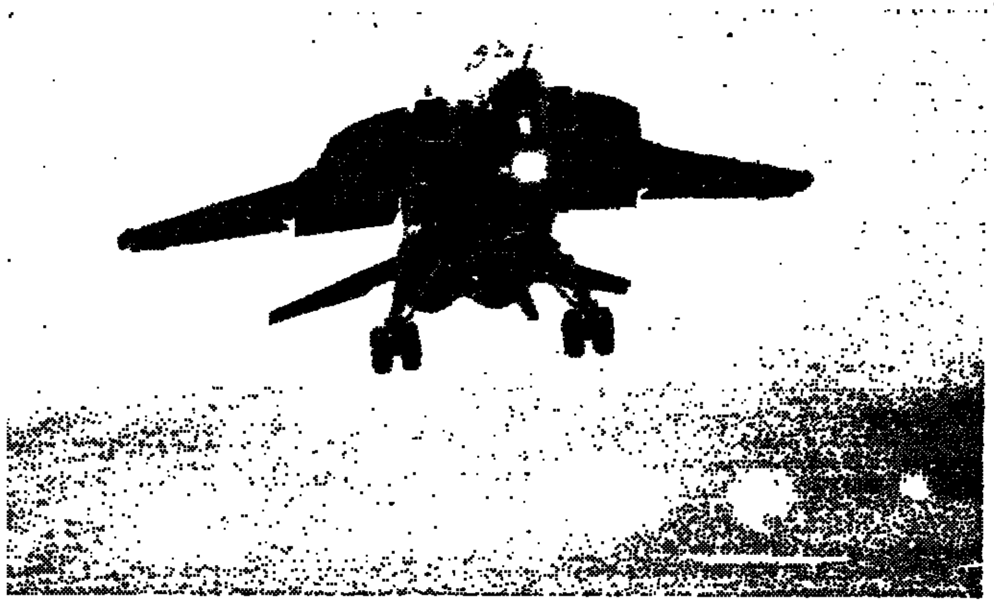
When the pilot wants to change course an electronic signal from the control stick or pedals goes to the computer. The *existing* computer signal to the actuator moving the control surfaces, based on the sensor input, is modified to match the manoeuvre demanded by the pilot. The aircraft turns, climbs or dives all within the aerodynamic "control laws" programmed into the computer.

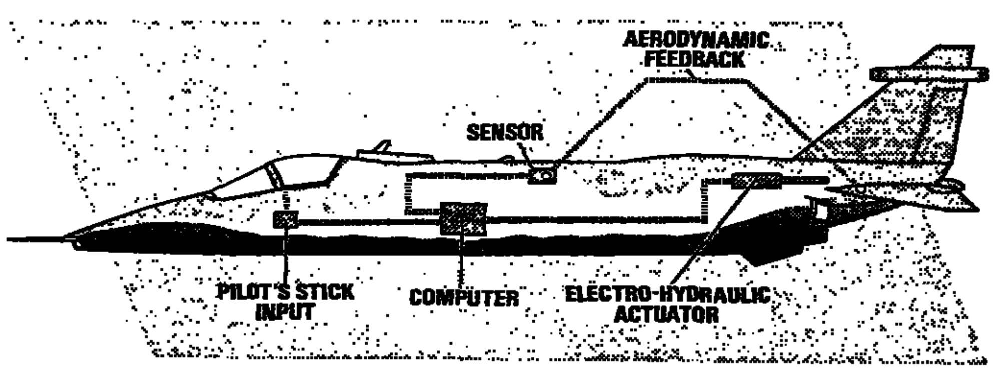
These crucial laws set down the limits beyond which the aircraft and its pilot cannot manoeuvre. The laws are the basis for the claim by British Aerospace that the aircraft "is capable of automatically surviving all probable failures." The pilot cannot even deliberately try to crash the aircraft; it simply will not respond to orders that lead to failure.

So confident was BAe about the soundness of its control laws, that it allowed the Jaguar ACT pilot to take-off and maltreat the controls in such a way that in any conventional, stable aircraft would crash catastrophically.

The pilot slammed the con*trols from one side of the* cockpit to the other in split-seconds. The unstable aircraft responded almost instantly, but apart from some nausea, the pilot and his aircraft survived intact, as expected.

The active control technology *for the Jaguar,* the first unstable aircraft in the world to fly with no back-up, and for the EAP was designed by BAe and its *industrial partners,* Marconi Avionics, now GEC Avionics, Ferranti, Dowty Boulton Paul, Lucas Aerospace, Smith Industries and Rolls-Royce, with partial funding from the Ministry of Defence.





Top: The ACT Jaguar, with a ¼ ton of extra weight in its tail and extra wing extensions, taking off from the aerodrome at RAF Warton. Above: The sensor in the simple fly by-wire system detects the effects of the control surface deflection and modifies the computer demand to match the manoeuvre initiated by the pilot

Offshore

Pipelines analysis

OIL AND GAS companies, seeking better ways of understanding complex patterns of flow in pipelines, have asked Harwell scientists to develop the necessary instrumentation.

Harwell has established a research and development programme aimed at understanding multi-phase flow in oil and gas pipelines and will submit a detailed proposal to the industry later this month.

The instrument Harwell is expected to propose will be non-invasive and will combine ultra sound and gamma radiation techniques. It will provide information on liquid levels, slug/plug velocities, void fractions and mean densities, giving complete flow pattern visualisation.

The system is to be designed so that it can be used on operational pipelines and on research facilities.

The oil and gas industry has so far avoided multiphase transportation systems because of a lack of knowledge of flow behaviour. But Harwell points out that optimised two and three phase flow pipeline networks will be a key factor in future subsea production systems and in the exploitation of marginal fields where transport costs are the principal factor in production economies.

Some 36 oil and gas companies are involved in the three year programme. More from Dr A. Wilcockson of Harwell on 0235 24141 ext 2353.

Holography

Underwater inspection

HOLOGRAPHY, the use of laser *light to produce three* dimensional images, is to be used to help inspect and monitor changes in underwater structures.

A team of Aberdeen University scientists led by Dr John Watson has been awarded £100,000 by the British Technology Group, Conoco and the Science and Engineering Research Council to *develop the necessary* equipment.

One concern will be to determine experimentally and theoretically the extent to which sea water affects the quality of optical holograms.

Computers

Faster machines

THE RACE between the US and Japan to build the world's fastest computer continues apace with claims from Fujitsu of Japan to have built a machine capable of carrying out more than one billion operations a second.

According to the company the operating speed of the computer has been measured by the National Aerospace Laboratory of the Science and Technology Agency.

The speed of the new supercomputer is based on improvements in hardware, the company said, although it gave no more details.

Fujitsu's current most powerful machines carry out 250 to 500m operations a second.

With supercomputers, the problem is comparing like with like.

Cray, which with its Cray X series, makes most of the world's fastest commercial computers points out that given an optimum work load and running at peak rate, its XMP four processor *top of* the range model can run at over 1bn floating point operations a second (*1260m to be exact*).

Until more details are available from Fujitsu, *it seems* the U.S. is still top in supercomputers.

Storage

Extra memories

FOR £1,895, Apricot Xi computer users can have an extra five megabytes of on-line storage as well as up to 10 megabytes of high speed back up.

That buys them a new version of the Apstor Beta 5 removable cartridge system—the single cartridge unit was developed to meet the *demand for* an adequate back-up system for the Apricot Xi's hard disk.

The unit is portable and rugged—it can be dropped, Apstor claims without significant damage.

هكذا صدر الأصل

Britons will get 'passport to Europe'

By Godfrey Hodgson

BRITISH CITIZENS will be the last travellers in Europe to be able to acquire the new purple "common format" document that is not a "European passport"—it will still be issued by individual member states—though it will almost certainly be called that.

By New Year's Day only five of the 10 member states had been able to honour the commitment all Ten made to the Council of Ministers to have the new passports ready. Italy is already issuing the new document. Denmark, France, Ireland and Luxembourg began to do so on January 1.

Belgium expects to follow in March, the Netherlands in May, and Greece not much later than the middle of 1985. The West German Government is studying whether to make its passports machine-readable but provisionally expects to be issuing the new passports by January 1 1986.

Mr Leon Brittan, the Home Secretary, announced in the House of Commons on July 24 that the UK would not introduce the new passports until the beginning of 1987, to allow the passport-issuing system to be computerised, and so that the new passports can be made "machine-readable."

By the end of this year, all newly issued U.S. passports will be issued in machine-readable form, and Canada and Australia have also started to introduce the new machine-readable passports this year.

Traditionalists will be reassured to know that the new passports, though purple, rather than navy blue, and with flexible covers in place of the familiar stiff cardboard, will still display the Royal Arms, flanked by the Lion and Unicorn. The same sonorous formula in copper plate will request and require foreigners to allow the bearer to pass freely without let or hindrance.

The changing face of the British passport

They might, on the other hand, be frankly disturbed by the symbolism of the change made last April, when the Passport Office was removed from the authority of the Foreign and Commonwealth Office, which had previously offered the Briton abroad the mantle of its protection, and transferred to that of the Home Office, whose role has sometimes seemed to be more to constrain the citizen than to enhance his freedom.

Officials respond to hints of such concerns by pointing out that the reasons for the transfer are entirely humdrum. They have to do with the fact that employees of the Passport Office come under the Home Civil Service for purpose of pay and conditions.

The same officials are anxious to dispel any concern about the new passport on civil libertarian grounds. It was originally intended that the new documents should be read magnetically, but the Passport Office wanted something that the passport holder, as well as the machine, could read.

What the machine will be able to read is contained in only two lines of print at the bottom of the last page of the 30-page or (for businessmen willing to pay extra) 94-page book.

The machine will be able to learn nothing more than is already contained in the existing passport, or than can be learnt by "visual inspection" from the rest of the back page. The first line will contain the letter "P" for passport, a code identifying the country of issue, which will be GBR for the UK, and the holder's surname and forenames.

The second line will add the passport number, and internationally agreed code for the holder's nationality (again, GBR for British citizens), the holder's date of birth and sex, and the expiry date. Passports will continue to be valid for 10 years.

The Passport Office cites several advantages from computerisation. At present, passports are filled out by clerks, who can write out between 120 and 200 of them a day. It is, the Office concedes, "tedious and repetitive work," and it can cause delay of up to four weeks in issuing passports at peak time. A computer will be able to handle up to 4m passport applications a year, or nearly twice the present rate, with a maximum delay of five days. And, of course, it would not get bored.

The new purple passports will only be the last in a long series of evolving passport documents available for Britons venturing abroad. In the 15th century the Crown issued safe conducts to foreigners travelling in England and presumably English travellers sought similar papers from foreign rulers.

From at least as early as 1540, however, the Privy Council granted passports to Englishmen going abroad, and up to the reign of Charles II these were personally signed by the sovereign. From then until the late 18th century, two alternative passports were available: one signed by the monarch and countersigned by the Secretary of State and a less imposing kind, signed only by the Secretary in the monarch's name.

In the 19th century, passports were flat white sheets of paper inscribed in copper plate and bearing the Foreign Secretary's signature. This lasted until the First World War; towards the end of that period, it became the practice to attach a small photograph of the bearer.

During the First World War, a sort of halfway house to the modern passport appeared: a single page that folded into eight, with a cardboard cover and a mandatory photograph and signature of the bearer.

The modern passport came into existence as a result of an international conference in 1920, organised by the League of Nations.

Before 1772, British passports were written in either Latin or English. From that year, they were in French until 1858 when they reverted to English. Some parts of the new purple document will be in French, Italian, German, Danish, Dutch, Irish and Greek, with Spanish and Portuguese to look forward to in forthcoming editions. The machines, however, will be expected only to read English.

Miners' union set to expel working area

BY PHILIP BASSETT AND BRIAN GROOM

LEADERS of Nottinghamshire miners, most of whom have worked throughout the 10-month coal strike, remained defiant last night after the national executive of the National Union of Mineworkers (NUM) began the process of expelling the area.

The executive decided to put the expulsion of the area to a special conference on January 29. This puts at risk the national unity of the NUM.

At the same time the executive indicated its willingness to hold negotiations on the dispute if it was approached by the National Coal Board. It quelled any possible revolt within its ranks by extending the union's three-man negotiating team to include the entire executive.

The NCB said it was disappointed that the union had not changed its negotiating position. It said it was willing to resume talks if the NUM approached it and if miners' leaders said they were prepared to enter into "meaningful negotiations" to settle the dispute.

The move to expel Nottinghamshire flows from decisions by the area's moderate-led council to change its rules in order to win greater autonomy. Strikers have charged the area with trying to break away from the NUM.

An emergency meeting of the area executive will be held today. It is likely to refuse to rescind the rule changes. Members are divided, however, about whether to mount a legal challenge to the holding of the national conference.

● Imports of Polish coal are threatened by the extreme weather. At Katowice, the hub of the Polish coal industry, temperatures were below 30 degrees Centigrade yesterday and mining and loading equipment and coal trains were iced up.

Since the UK strike began, Poland is estimated to have supplied 600,000 tonnes of household coal to Britain and 600,000 tonnes of metallurgical coal to British Steel. The NCB is at present supplying only 40 per cent of the UK household trade.

● The two main rail unions plan a selective one-day strike on Thursday which, if supported, will halt train services on east coast main lines.

The National Union of Railwaymen and the drivers' union Aslef have called the strike in protest at alleged "harassment and victimisation" of members who have refused to move coal trains in support of the striking miners. British Rail denies any harassment.

The unions have warned that the dispute could escalate into national industrial action if any attempt is made to move coal from pitheads and opencast mines.

RHM cuts 1,800 jobs in bakery closures

SEVEN bakeries employing 3,800 people are to be closed by Ranks Hovis McDougall, (RHM) Britain's second largest bread group. The company hopes to keep redundancies to about 1,800.

RHM has spent more than £20m on closure costs in the past two years but it was still losing money on its bread business last year. By the end of this year the UK bread industry will have closed nearly 30 bakeries since it began a three-year programme to cut costs.

□ Littlewoods, one of the largest privately owned companies in Britain, may be forced to close about 108 of its chain stores after announcing plans to cut jobs in the retailing division by 1,000.

The decision comes after a disappointing performance by the stores last year in the face of stiff competition from rivals such as Marks & Spencer and Woolworth. Much of Littlewoods' business is in the north of England which has been hardest hit by the recession.

□ MR NORMAN TEBBIT, the Trade and Industry Secretary, returned to the House of Commons after three months' convalescence from his injuries sustained in the IRA bomb attack at Brighton. His wife is still in hospital.

□ BRITAIN had no intention of changing its policy of banning the use, production and stockpiling of chemical weapons, Mrs Margaret Thatcher, Prime Minister, told the House of Commons. She was replying to newspaper disclosures claiming that she had pressed senior ministerial colleagues to agree that the UK should resume production of chemical weapons.

Mrs Thatcher said: "Britain abandoned its chemical warfare capability in the late 1950s. There has been no change in Government policy since then; nor is any change proposed."

□ THE WORLD tractor industry was in danger of "virtual collapse" unless more moves were made towards rationalisation, Mr John Gleason, senior European vice-president of J. I. Case, the farm equipment maker, said.

Case's parent, Tenneco, took over International Harvester's farm equipment interests last year. Mr Gleason said consolidation of these units could take up to three years to complete.

□ GENERAL ELECTRIC Company (GEC) and Cable and Wireless are set to invest in Clyde Cablevision, the Glasgow cable television company which has been trying unsuccessfully since the summer to raise its equity finance.

The renewed interest in cable by two of the UK's largest electronics companies could give a significant boost to a fledgling industry which has been in the doldrums for nearly a year.

Why BET pulled out, Page 29

APPOINTMENTS

Deputy chairman of Freight Consortium

Mr D. H. White, group managing director of NFC Property Group, will become deputy chairman of the employee-owned NATIONAL FREIGHT CONSORTIUM on March 1. He ceases to be group managing director, special traffics group, where he will be succeeded by Mr C. J. Beattie. Mr Beattie remains group managing director, National Services Group. Mr White takes up his new appointment earlier than previously announced, as a result of Mr Victor G. Paige's appointment as chairman of the NHS management board. Mr White will also succeed Mr Paige as chairman of the N.F.C. Share Trust. While retiring as deputy chairman, Mr Paige will remain a non-executive director of the Consortium. Mr J. K. Watson, NFC finance director, has become deputy chairman (finance). Mr F. S. Law has retired as a deputy chairman, but remains a non-executive director. Sir Ronald Swayne, who has been a non-executive director of NFC since 1973, retires at the end of this month.

★

ALEXANDERS DISCOUNT has elected Mr Andrew Smith as a managing director from January 21.

★

Mr Terry Thornton and Mr Philip Dickinson have been promoted to vice presidents, and Mr Neil Ward has been promoted to assistant vice president of the FIRST WISCONSIN NATIONAL BANK OF MILWAUKEE. London branch.

★

TIMBER GROWERS UK has appointed Mr Kenneth Hillcoat as administration secretary. He was previously finance director of Shell (hellas) in Greece.

★

Mr Gordon Brown has been appointed financial director of MAGNET AND SOUTHERNS, from February 1 when he leaves County Bank, where he was a director.

★

Mr Richard Stokes, manager of ERA's power engineering division, has been appointed an associate director.

★

MINET HOLDINGS has appointed Mr Vinod Desai as group finance executive, and Mr Clifford Dear as group treasurer.

★

LEE BEESLEY has appointed Mr John Keogh as director and general manager of Lee Beesley Mech & ELEC. He was contracts director. Mr Philip Burley has joined as works manager. He was central workshops manager for the Saudi Arabian Iron and Steel Company. Mr Bill Westwood becomes director and general manager of TWYVER SWITCHGEAR. He was general manager of Reyrolle Belmos.

★

Mr William Higgins of William Higgins & Co has been appointed managing director of BUCKNELL BROTHERS HOLDINGS and Bucknell Higgins Developments.

★

STROUD RILEY DRUMMOND has appointed Mr Harold Harvey as production director of the worsted division. He was a senior management consultant with Werner International Management Consultants working with Italian textile companies.

★

At GLYNWED INTERNATIONAL Mr William Garner, chief executive of Glynwed Steels and a member of the group board, has retired. He is succeeded as chief executive of Glynwed Steels by Mr Desmond Gripton, who was managing director of the hot rolled and bright bar sub-division.

★

Mr Dennis Marler, managing director of Capital & Counties, has been apointed to the committee of management of THE PENSION FUND PROPERTY UNIT TRUST.

★

Mr Kevin L. Davies has been appointed a director of BRADSTOCK, BLUNT (PLASTICS).

★

Mr M. B. Stoney has been appointed director of THE SOLICITORS' LAW STATIONERY SOCIETY.

★

Mr Mark Tulitt has been appointed a director of COURTENAY PERSONNEL and Courtenay Stewart Int. He joined the company just over a year ago, after working for Northern Dairies and Perkins Engines.

★

Sir John Cuckney has joined the board of TI GROUP as a non-executive deputy chairman. Sir St John Elstub, who has been a non-executive deputy chairman since May 1979, will retire on February 28.

★

PORTMAN BUILDING SOCIETY has appointed Mr Michael Parkinson as general manager-designate.

★

DONNELLEY HOLDINGS, British subsidiary of R. R. Donnelley and Sons Company of Chicago, has formed a new company called R. R. Donnelley and Sons Co. Mr Derrick Hopkins, formerly sales and marketing director of Burrup Mathieson, has been appointed managing director. Mr Nigel Wagstaff in addition to his responsibilities as sales director will also be responsible for co-ordinating the activities of Donnelley's international financial printing operation.

★

Mr Paul Lockett has been appointed managing director of A BRICK & CO, Brighton. He succeeds Mr Gerald Miller, who has left to take another appointment. Mr Lockett comes from the Hanson Brick Company—part of the Hanson Trust. A. Brick and Co is a member of the Aygee Group.

★

DEBENHAMS has formed a subsidiary which will be launched as Debenhams Leisure on February 1. Its board will be: Mr B. Richman, chairman (executive); Mr P. G. Swinscoe, deputy chairman (executive); Mr M. A. C. Larie, managing director; Mr P. D. Warwick, sales director; and Mr F. E. Boon, finance director.

★

Mr John Watson, has been appointed to the new post of financial director of MASTERS BROS ENGINEERING AND MAINTENANCE, Bristol. He was company accountant.

★

Mr Thomas J. Ward has been appointed to the board of ARTHUR GUINNESS AND SONS. He is senior partner of the Washington DC law firm, Ward, Lazarus, Grow and Cihlar and deputy chairman of Guinness America Inc.

★

Mr Peter Clelland has joined NATIONAL GIROBANK as investment manager from Manchester Exchange Trust where he was responsible for formulating and implementing investment policies for a variety of funds. Mr Geoff Gray, formerly head of investment, becomes treasurer.

★

DELTA GROUP has set up a fluid controls division by merging the businesses of its existing building products and gas controls divisions. Managing director of the fluid controls division is Mr John Hudson and financial director is Mr Graham Herbert. Directors responsible for product sub-divisions are Mr Eddie Garvey, Mr John Key, Mr Mike Schofield and Mr Peter Sylvester.

★

Sir Peter Thompson, executive chairman of the National Freight Consortium, has been appointed a non-executive director of PILKINGTON BROTHERS.

★

Following group restructuring at More O'Ferrall, a new operating company for the poster business in the UK, MORE O'FERRALL UK, has been formed. The directors are: Mr L. S. Devereux and Mr R. G. Daglish, joint assistant managing directors; Mr P. A. Hall, secretarial; Mr W. A. Dunseath, development; Mr M. D. T. Horner, sales; Mr I. Powell, commercial services; Mrs M. E. Pitman, marketing; and Mr J. G. Vaux, finance.

★

THAMES WATER has appointed Mr Bill Harper, currently director of finance, to the post of director of corporate strategy.

★

LONDON MERCHANT SECURITIES has acquired from Prudential Corporation the whole of the Prudential's interest in the ordinary shares of the Winterbottom Energy Trust, representing 23.4 per cent of the ordinary share capital. Mr R. A. Rayne and Mr R. F. J. Spier, both directors of London Merchant Securities, will be joining the board of Winterbottom.

★

Mr Derek Maughan has been appointed regional director of CLARKE HOMES (SOUTH WESTERN). He was previously regional manager. Mr Derek Field has been appointed production director of Clarke Homes (Southern) and Clarke Homes (South Eastern).

Exchange proposals redrafted

By John Moore, City Correspondent

THE AD HOC constitutional committee of the London Stock Exchange met last night in an effort to draft proposals for radical constitutional changes of the exchange which will gain the approval of the ruling council of the market.

After two meetings of the ruling council the constitutional committee is redrafting key parts of the proposals which will lead to considerable changes at the stock exchange. The changes have been triggered by the regroupings taking place among British securities companies and the involvement of banks and other financial concerns with stockbrokers and stockjobbers.

The debate centres on what sort of membership structure should emerge and what the cost of entry to the market of outsiders should be. A controversial plan which would allow the existing membership to gain financial benefit from the involvement of outsiders is also under discussion.

Although in general the council of the stock exchange has agreed on the broad thrust of the proposals put forward by the constitutional committee, there has been argument about how they should be implemented and the formulae which should be used.

In what has been described as a compensation plan designed to reimburse those firms which have not forged outside links, the committee has put forward the idea of creating a market in the shares which are owned by members of the stock exchange. Each member holds one 5p share. It has been suggested that the shares should be split so that members can dispose of the shares they do not wish to hold.

At present members' shares are neither transferable nor negotiable. A key point in the debate centres on how value is to be established on the trading of shares in the stock exchange. Some argue that there should be a free market, others that the shares should be controlled in their distribution, rather like a government tap stock.

There is also the question of the membership structure which will be evolved to deal with the regroupings taking place. It has been suggested that there should be two categories of members: the proprietors, owning the stock exchange undertaking; and the professional members, who would own the shares.

Hispanoil 'wins N. Sea stake'

By Dominic Lawson

SPAIN is understood to have won a share in a prime North Sea block auctioned by the UK Government in the ninth round of offshore oil and gas licences. It is believed that the Spanish state oil concern Hispanoil has joined forces with Britoil to make a successful $13m bid for the North Sea block 9/23B.

Hispanoil has previously had a very small role in the North Sea, with interests in only seven North Sea blocks. A year ago, however, it spent about £7.5m in acquiring a 0.25 per cent stake in BP's Forties oilfield.

Coal strike holds back recovery in steel output

BY IAN RODGER

STEEL OUTPUT in Britain in 1984 totalled 15.14m tonnes, up 0.8 per cent from the previous year, but still well below the peak levels of the 1970s.

Production has dropped in almost all industrialised countries in recent years largely due to a series of recessions but also because of the loss of traditional export markets as developing countries built their own steelworks. Annual output in the developing countries has trebled since 1970 to about 65m tonnes.

There was a widespread recovery in steel production last year, but it was at a slower rate in the UK than in most industrial countries. The average growth rate in the European Community countries was about 10 per cent, while U.S. production was up 13 per cent and Japan's was 7 per cent ahead.

UK output was held back mainly by the absence of the mining industry market for most of the year because of the coal strike. This sector normally takes about one tenth of the country's steel both for structures and via machinery purchases.

Some European countries enjoyed strong export sales to the U.S. last year in some categories, but the British Steel Corporation, the UK's major producer, was inhibited by fears of legal actions based on the level of subsidies it receives.

UK production averaged 246,200 tonnes a week in December, down 22 per cent from the previous month. This reflects the normal seasonal reduction due to holiday plant closures. Production in December, 1983 averaged 243,400 tonnes a week.

● British Steel Corporation is closing its Hartlepool plate mill in north east England in March with the loss of 250 jobs because of the slump in orders for large diameter pipe for oil and gas pipelines.

The mill, which specialises in rolling plate for pipe, has been idle since October 6 and incurring losses at an annual rate of £4m.

A nearby 44-inch pipe mill will remain open on what BSC described as a care and contract manning basis in anticipation of future orders. Its plate needs can be met largely from mills at Dalzell in Scotland and Scunthorpe.

Sinclair electric vehicle takes to the road in £7m gamble

BY JOHN GRIFFITHS

THE LAUNCH by Sir Clive Sinclair, the electronics entrepreneur, of his C5 electric vehicle today represents one of his familiar leaps into the consumer dark, this time with over £7m at stake and in collaboration with Hoover's UK subsidiary.

Even Sir Clive, referring to the three-wheeled vehicle yesterday, acknowledged that "I don't quite know what you'd call it," but the fact that £399 plastic-bodied vehicle can be driven on the road by anyone over 14 without a driver's licence, insurance, road tax or crash helmet is expected by both companies to produce an initial market in the UK which will allow them to produce 100,000 vehicles this year.

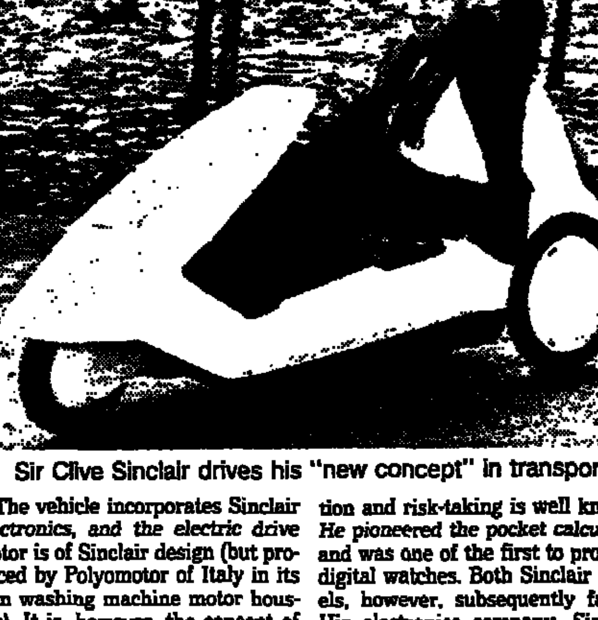
Hoover itself has put up an undisclosed amount of risk capital. It has invested in all the facilities to produce the vehicle at its Merthyr Tydfil, South Wales, plant. Sinclair's investment relates to the vehicle itself.

There is sufficient confidence on both sides that the vehicle will do well for a capacity of 180,000 vehicles a year to have been installed. Mr Barrie Wills, managing director of Sinclair Vehicles, which Sir Clive set up to handle the project, says that within 2½ years there will be the next in what is inended to be a family of electric vehicles.

"We feel there is tremendous potential in even the first vehicle," says Mr Wills, who was forierly manufacturing director of the De Lorean project. "Just look at the size of the bicycle market. I believe it's about 1.8m a year in the UK."

Sinclair Vehicles' ambitions for the single-seater C5 already extend beyond the UK. It plans to launch the machine in continental Europe later this year, and it has been test-driven in the huge potential market offered by North America.

Whether Sinclair's optimism about the project is justified, only time can tell. Sinclair itself describes the tiny vehicle, with its 15mph (24 kmh) top speed and up to 50-mile range on dual batteries, as a "whole new concept in personal transport.



Sir Clive Sinclair drives his "new concept" in transport

The vehicle incorporates Sinclair electronics, and the electric drive motor is of Sinclair design (but produced by Polyomotor of Italy in its own washing machine motor housing). It is, however, the concept of the vehicle, rather than its technology, which Sinclair regards as revolutionary.

The company says it believes the vehicle should appeal to commuters, shoppers and young people as a safer alternative to powered two-wheelers.

Reactions of journalists who drove the machine yesterday were mixed. While there was little criticism of the vehicle itself, there was speculation as to how safely it would mix with traffic.

Sir Clive is dismissive of reservations about safety. He acknowledges that "I've got qualms about any inexperienced driver driving any vehicle," but insists that the company has worked closely with "responsible" safety organisations.

Sir Clive's reputation for innovation and risk-taking is well known. He pioneered the pocket calculator and was one of the first to produce digital watches. Both Sinclair models, however, subsequently failed. His electronics company, Sinclair Research, has also gained a reputation for being optimistic about how quickly production targets can be met.

Mr Wills anticipates no such problems with the electric vehicle. Production for sale started in November, with 2,650 having been made by yesterday. A second production line will be added shortly.

The creation of Sinclair Vehicles as a separate entity two years ago and its use of funds raised by Sir Clive's sales of 10 per cent of Sinclair Research are an acknowledgement that the project is regarded as too high-risk to attract investors. Sir Clive would also not have wanted to complicate plans to float Sinclair Research on the London Stock exchange, possibly as early as next month.

THE PROPERTY MARKET BY MICHAEL CASSELL

Bloom's broadside rocks the Phoenix boat

A BEWILDERED band of shareholders in Phoenix Properties and Finance, the quoted property company where new chairmen have recently proved *more plentiful than dividends*, gathered in London this week to play what one of them aptly described as "Russian roulette."

Phoenix is a former tin-mining *operation which turned* property investor in 1980. Shareholders who hung on through the transition may be forgiven for thinking they might have *done better to leave their money* down a mineshaft.

The tiny, troubled operation has a current market capitalisation of around £2.5m and in the *year to September 1983 man*aged a pre-tax profit of just £22,000—the first time since its reincarnation that it had been in the black.

Investment properties owned by the company involve a mixed bag of land and buildings valued in 1983 at £1.6m. Its other principal interest is in Kane Investments, a Jersey-based property development company in which Phoenix acquired a 50 per cent interest during 1981.

The following year, Kane's own losses wiped out potential profits at Phoenix, which became increasingly worried about its associate's chances of survival. External finance to support Kane's only substantial remaining asset, part of a development site in Swindon, could not be found and the company became totally dependent on Phoenix for funds.

By the autumn of 1983, Phoenix had made loans in excess of £1m to its associate and last October, in an attempt to rescue its rapidly crumbling investment, the company purchased the outstanding half-share in Kane. Two Kane directors who had joined the Phoenix board in 1981 promptly resigned.

Earlier in the year, the company's problems had attracted the attention of several would-be rescuers, among them Desmond Bloom, a 38-year-old *property developer, who picked* up a personal share stake of five per cent and subsequently managed to line up support accounting in total for about *20 per cent of the issued equity.* John Sail, for years the largest shareholder in Phoenix, put his own shares behind Bloom.

New Blood

Bloom then approached Phoenix and asked for a seat on the board, along with places for two of his colleagues, Martin Silverman, an accountant, and Martin Philips, a solicitor.

Phoenix refused to entertain the gatecrashers—though it clearly needed to be rescued by somebody—and an increasingly impatient Bloom called for this week's extraordinary general meeting. The plan was to dismiss two directors and to vote himself and his two colleagues on to the board.

Phoenix, however, moved *quickly* and five days before Christmas it was able to tell shareholders that David Landau, a solicitor who was already a director of five public companies, had been appointed chairman.

Landau, who had also had an eye on Phoenix for some time, owns Berfors Finance, a small investment dealing company which purchased the share stake of Ron Brooks, the short-*lived and outgoing chairman.* At the same time, John Main, an associate with Montagu, Loebl, Stanley, stockbrokers to Phoenix, joined the board. *Between them, the two men* control around 20 per cent of Phoenix shares and by the time the extraordinary meeting arrived they could speak for *nearer 30 per cent.*

Shareholders duly gathered on Monday in room 100 of the Great Eastern Hotel to learn something about the new directors and their *plans for* the company and to decide whether they or Mr Bloom and friends were best suited for the tricky challenge ahead. The meeting can have done little to resolve their dilemma.

Despite repeated attempts by Bloom, his associates and other shareholders to extract some insight into the board's intended strategy, the new chairman could be of little help. It was not possible, he said, to make specific statements about plans for the future "at this type of meeting."

Pressed further by shareholders, who had been led by an earlier circular to expect a better account of the management's proposals, Landau gave an assurance that he intended to keep Phoenix as a property company. He said certain schemes were being planned, although they had not reached the stage where they could be revealed. His investment in the company, he added, should provide ample evidence of his sincere intentions and he hoped to be able to report a better position in a year's time.

Anonymous

Bloom, regarded by Phoenix as an inappropriate and inexperienced candidate for chief executive was more specific. He was prepared to hand over to the company an option on a Knightsbridge development with with a potential net profit of £2m, together with the chance to acquire an interest in an investment company with a current rent roll of £200,000 a year. Other options, he claimed, were also available.

Shareholders were then invited to play roulette. They *could opt for new directors* recommended by a board intent upon stepping down and about whom they knew little or they could choose another *newcomer whose anonymity* arguably excluded him from becoming a custodian of a public company.

In the event they chose Messrs Landau and Maine by a 2-1 margin, though shareholders present at the meeting came within one vote of supporting Bloom's appointment to the board. Afterwards, Bloom said he intended to keep his shareholding *for* the time being and took some comfort from the belief that his broadside had provoked the company into some long-overdue action.

Now the spotlight falls on Landau and, although shareholders will have to wait a while longer to evaluate the wisdom of their decision, it seems the new management is already en*gaged in clearing up the last of* the mess left behind by the Kane connection.

Phoenix is thought to have *gross* assets of around £3.5m *and borrowings approaching* £2m. The sale of its principal property assets, a development site in Swindon and 6.5 acres of land in Ilkeston, Derbyshire, *should clear all debts and leave* a company free of gearing and ready for a fresh start.

What happens next has clearly not been decided, which *partially explains the inability* of the board to say too much

Members starved of information may care to know, however, that options now being considered *include the injection of* investment properties — via an exchange of shares or loan stock — to boost asset values, and the acquisition of an in*come stream which is not neces*sarily property related. A dealing and development operation is also being considered, though this is bottom *of the list of priorities.*

Shareholders will need to exercise continuing patience to see whether or not Phoenix can manage to rise from the ashes. This week's slippage in the share price suggests the City remains to be convinced.

New Town sale is halted

THE DEPARTMENT of the Environment has vetoed plans by Redditch Development Corporation to sell off around £40m worth of commercial property and development land to a single purchaser.

The Corporation, which is due to be wound up in April, announced last July that—subject to government approval—it intended to sell all its commercial property assets, possibly via a single transaction.

It subsequently decided on the separate sale of its successful Kingfisher shopping centre—which is being purchased for £17m by Commercial Union Assurance and Shell Pension Fund—and had been hoping to dispose of the balance of its property assets to either the Harbison Group of the U.S. or to a consortium headed by Tarmac.

It is understood that the size of the bids from the two potential buyers were considered unacceptable by the Department, which was also concerned about other aspects of a sale to a single purchaser.

The DoE has now written to the Development Corporation saying that a sale is off and that it expects the town's property *assets to be transferred to the* Commission for New Towns when the Corporation is wound up.

The Commission is charged with the task of privatising the property assets of the new town development corporations and, this year, it plans to assume responsibility *for* Redditch, as well as Northampton, Skelmersdale, Basildon and Central Lancashire.

It is now likely that the Commission will embark on a *three or four-year phased sales* programme at Redditch and will be hoping, in this way, to achieve receipts of anything between £50m and £60m.

● **Flaxyard has fully let its 115,000 sq ft South Bank Business Centre, adjoining New Covent Garden Market in London's Nine Elms Lane. Rents between £5 a sq ft and £5.50 a sq ft have been realised in the £8m scheme, undertaken on a 4-acre site acquired from Allied Breweries in 1982 and funded by the Universities Superannuation Scheme. Jones Lang Wootton and Hillier Parker were joint letting agents.**

● **Having obtained outline planning consent for about *470,000 sq ft of "employment generating"* floorspace at Letchworth Business Park, Hertfordshire, Bride Hall Group has submitted applica*tions covering 70,000 sq ft* of retail space and a further 756,000 sq ft of business accommodation.**

● **The Lilleshall Company is to appeal next month against the refusal of Wrekin district council to allow the development of 97,000 sq ft of retail space and 124,000 sq ft of industrial and warehousing accommodation within the Telford enterprise zone. The 20-acre site owned by Lilleshall, which says the retail development alone will create 250 new jobs.**

● **Greycoat City Offices has acquired the freehold and *leasehold interests from Mid*land Bank and the Greater London Council of 20 Kingsway, London, and is to refurbish the building to provide 19,000 sq ft net of new office accommodation. Baker Harris Saunders are letting agents.**

● **The Crown Agents have sold their Millbank, London, headquarters to Raleigh Enterprises, an American hotel operator, for over £10m. Savills acted for the Crown Agents in the sale, which attracted about half a dozen serious bids, and Beauchamp Estates represented Raleigh. The 105,000 sq ft building will be converted into a hotel.**

● **Coldwell Banker Real Estate has let the 185,000 sq ft *Highland Pointe office block* in Oak Brook, Chicago, to Burroughs Corporation. In what is believed to be the largest Chicago suburban, *speculative office letting,* the agents say the long-term lease is valued at $56m.**

● **London & Metropolitan's 14,600 sq ft St Giles House office development in Kings Road, Reading, has been let at £13 a sq ft to Provident Mutual Life and sold on to United Friendly Insurance for £3.6m, to show a net yield of 5 per cent. Jones Lang Wootton and Campbell Gordon were joint agents and Hoddell Stotesbury and Clive Lewis acted for L & M in the sale.**

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
11	12	13	14	15	16	17

Theatre

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to retreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organisation has generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

The Real Thing (Plymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelligentsia, with a new-found attention to the heart that beats beneath the veneer, directed at a fast clip by Mike Nichols. (239 6200).

Glengarry Glen Ross (Golden): The Chicago cast from the Goodman Theatre provided David Mamet with a Pulitzer Prize for his latest work that pits fast-talking real estate salesmen against the world and each other. (239 6200).

Balm in Gilead (Minetta Lane): John Malkovich's energetic but nostalgic revival of an early Lanford Wilson play brings back the wide-eyed, drugged out 1960s and 70s to the accompaniment of Bruce Springsteen songs. (420 8000).

Sunday in the Park with George (Booth): Inspired by the Seurat painting, Stephen Sondheim fashions a musical with dots and dashes of song that end too soon but work well with Tony Straiges's pretty set and James Lapine's book which changes gears in the second act. (239 6262).

Noises Off (Brooks Atkinson): The closest Broadway gets to the British farce tradition is this import of Michael Frayn's funny backstage view of all the slamming doors and dropping drawers. (245 3430).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

WASHINGTON

The Marriage of Figaro (Folger): The company's own adaptation of the Beaumarchais script will also use Mozart's music and da Ponte's libretto in an ambitious eclectic production. Ends March 10. (546 4000).

LONDON

The Real Thing (Strand): Jenny Quayle and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143).

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a cliff-top rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592).

Noises Off (Savoy): The funniest play for years in London, now with an improved *third* act. *Michael Blakemore's* brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rustling around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

Mother Courage (Barbican): Fine RSC presentation by the design team of Cats – John Napier and David Hersey – with Judi Dench as a scavenging, music hall and finally moving Courage pushing her elaborate cart of stage machinery through the *Heavyside Layer. Howard Davies* directs, good support from Trevor Peacock, Stephen Moore and Zoe Wanamaker. (628 8795).

Phedra (Old Vic): Glenda Jackson remarkable as the nearly incestuous tragic queen in a thrilling production by Philip Prowse. Costumes of shot silk and taffeta, and Robert David MacDonald's translation bravely takes on the challenge of Racine's untranslatable Alexandrines. Gerard Murphy, Tim Woodward and Georgina Hale in a strong cast. (928 7616).

Two Into One (Shaftesbury): Donald Sinden and Michael Williams head the cast of a blissfully funny farce by Ray Cooney in the old Whitehall tradition. An irate manager, Lionel Jeffries, declares: "There's far too much sex going on in this hotel, and I'm not having any of it." Not to be missed. (379 5399).

Opera and Ballet

PARIS

Swan Lake in Rudolf Nureyev's controversial production with Ezio Frigerio's decor, conducted by Ashley Lawrence/Michel Queval, with Odette/Odile danced alternately by Florence Clerc, Monique Loudières, Elisabeth Platel, Claude de Vulpian, Noella Pontois and Prince Siegfried's role interpreted alternately by Cyril Atanassoff, Michael Denard, Charles Jude, Jean-Yves Lormeau and Rudolf Nureyev. Paris Opéra (296 06 11)

LONDON

Royal Opera House, Covent Garden: The Royal Ballet with Cinderella and Swan Lake (240 1066).

Royal Festival Hall: London Festival Ballet continues with Nutcracker. (928 3191).

Sadler's Wells, Rosebery Avenue: Pilobolus Dance Company (278 8916).

NEW YORK

Metropolitan Opera (Opera House): James Levine conducts the first seasonal performance of Wozzeck with soprano Hildegard Behrens and baritone Christian Boesch as well as La Clemenza di Tito with mezzo Tatiana Troyanos and tenor Kenneth Riegel. The week also includes Ariadne auf Naxos conducted by Andrew Davis and starring Jessye Norman and The Tales of Hoffmann conducted by Jules Rudel with soprano Catherine Malfitano and tenor Alfredo Kraus. Lincoln Center (362 6000).

Lesley Collier and Anthony Dowell in the Nutcracker at the Royal Opera House, Covent Garden.

New York City Ballet (New York State Theater): The 81st season continues with mixed programmes that include 17 Balanchine, eight Robbins and three Martins ballets. Ends Feb 24. Lincoln Center (870 5570).

WASHINGTON

Washington Opera (Terrace): Zack Brown's 1981 production of The Rake's Progress conducted by Nicholas McGegan is performed in repertory with Leon Major's new production of L'Italiana in Algeri conducted by Joseph Rescigno with *François Loup as Rossini's* comic Mustafa and Mimi Lerner as Isabella. Kennedy Center (254 3770).

NETHERLANDS

Amsterdam, *Stadsschouwburg. Peter* Grimes from the Netherlands Opera production directed by Elijah Moshinsky, decor and costumes by Timothy O'Brien and Tazeena Firth. The Utrecht Symphony Orchestra conducted by Bruce Ferden, with William Neill as Peter Grimes and Patricia Wells and Ellen Orford (24 23 11). Thur in Scheveningen, Circus Theatre (55 88 00).

Music

LONDON

Queen Elizabeth Hall: Antonio Barbosa, piano. Haydn, Chopin and Villa-Lobos (Tue). (928 3191).

Purcell Room: Roth String Quartet (Wed). (928 3191).

Stockhausen's Hymnen (complete). BBC Symphony Orchestra conducted by Peter Eötvös. Barbican Hall (Wed). (638 8891).

Academy of Ancient Music directed by Christopher Hogwood with Emma Kirkby, soprano, David Thomas, bass, and Catherine Mackintosh and Christopher Hirons, violin. Bach and Handel. Queen Elizabeth Hall (Thur).

London Symphony Orchestra conducted by Yondani Butt with Maurice Murphy, trumpet. Rossini, Haydn, Tchaikovsky and Beethoven. Barbican Hall (Thur).

PARIS

Renata Scotto Recital (Mon), Théâtre de l'Athenée (742.67.27).

Daniel Barenboim piano recital: Beethoven sonatas (Tue). Salle Pleyel (563.88.73).

Ensemble Orchestral de Paris with Jean-Pierre Wallez as conductor and soloist. Huguette Dreyfus, harpsicord, Alain Marion, Flute: Bach and C.P.E. Bach (Tue). Salle Gaveau (563.20.30).

Orchestre National de France with Radio France Choir conducted by Georges Prêtre: Berlioz – Romeo and Juliette (Wed). Théâtre des Champs-Elysées (723.47.77).

Ensemble Orchestral de Paris with Jean-Pierre Wallez as conductor and soloist, Huguette Dreyfus, Harpsicord, Paul Boufil, Cello, Daniel Arrignon, Oboe: Bach family (Wed). Salle Gaveau (563.20.30)

NETHERLANDS

Amsterdam, Concertgebouw. Robert Holl, Baritone, with Rudolf Jansen, piano. Beethoven, Reichardt, Schubert, Schumann, Brahms, Wolf, Pfitzner (Mon); Amsterdam Philharmonic conducted by Thomas Sanderling, with *Frans* Brüggen, recorder. Mozart, Bach, Shostakovich (Tue); David Bradshaw and Cosmo Buono, piano. Schubert, Grieg, Ravel, Liszt (Recital Hall, Tue); Schubert Lieder from Elly Ameling, soprano, accompanied by Rudolf Jansen (Wed); in the recital hall (Wed) The Shostakovich Quartet with works by the composer. (71 83 45)

Rotterdam, De Doelen. Arie Keijzer, organ. Bach (Mon), Heinz Wallberg conducts the Rotterdam Philharmonic, with Shura Cherkassky, piano. Schubert, Rubinstein, Mendelssohn (Tue, repeated Wed and Thur); in the recital hall (Tue) the Quartetto via Nova of Paris, with A. Kiko Ebi, piano. Mozart, Fauré, Debussy. (14 29 11).

The Hague, Congresgebouw. Hans Vonk conducting the Hague Philharmonic, with Zino Vinnikov, violin. *Berlioz, Chausson, Saint-Saens,* Stravinsky (Thur). (54 80 00).

NEW YORK

New York Philharmonic (Avery Fisher): Zubin Mehta conducting, Kiri te Kanawa, soprano. Elgar, Webern, Strauss (Tue); Klaus Tennstedt conducting, Lorne Munroe, cello. Strauss, *Beethoven* (Thur). *Lincoln* Center (874 2424).

English Chamber Orchestra (Avery Fisher): George Malcolm conducting and harpsicord. Handel, Bach (Wed). Lincoln Center (874 2424).

Musica Sacra (Alice Tully): Richard Westenburg director. Brahms, Schütz (Wed). Lincoln Center (362 1911).

Waverly Consort (Alice Tully): Michael Jaffee, director. Music of the medieval world (Thur). Lincoln Center (362 1911).

WASHINGTON

National Symphony (Concert Hall): Mstislav Rostropovich conducting. Beethoven, Albert (Thur). Kennedy Center (254 3776).

Exhibitions

ITALY

Naples: Museo di Capodimonte: 'Naples in the 17th Century': for lovers *of Baroque. An* exuberant exhibition of paintings, marbles, silver and furniture dating from a period when the city was the second in Europe after Paris. Ends April 14.

Rome, Villa Medici (French academy): Degas and Italy. A gracious recognition by the French Academy of the importance of Italy to the work of one of the greatest artists of the 19th century (this year is the 150th anniversary of Degas's birth). The exhibition follows Degas's principle that preparatory drawings should be shown with the finished work. This has been done here with three remarkable paintings the portrait of the Bellelli family (with its echoes of Piero Della Francesca). The works cover the period 1856-60. Ends Feb 10.

Florence: Palazzo Strozzi: Icons from Russia – painting in Russia and the Ukraine from the 15th to the 16th century, organised by the new exhibition centre in Florence and the Russian Ministry of Arts. On show are 71 icons from the Museo Rublev in Moscow, and from museums in Leningrad, Kiev and Cernigov. Newly restored and stripped of their dark protective layers of linseed oil, the colours are brilliant and the gold gleams. The exhibition is fascinating not only for the extraordinary and disconcerting beauty of the icons but for showing the remarkable artistic isolation of Russia, which allowed this subtle art form to survive until Peter the Great decided forcibly to Europeanise it in the 18th century. Ends March 3

WEST GERMANY

Cologne, Römisch-Germanisches Museum: 'The Treasures of San Marco' has arrived. Forty-three pieces representing the best of antique, Islamic, Byzantine and occidental art from the world's biggest church treasure. Ends Jan 27.

Hamburg, Kunstverein, Glockengießerwall: Fifty-five paintings, water colours and gouaches by Edvard Munch, the Norwegian painter (1863 to 1944). Ends Feb 2.

Hannover, Forum des Landesmuseums, 8 Am Markte: Berlin Art between 1770 and 1830 has 209 bronze, gypsum, ceramic and china sculptures by artists ranging from Gottfried Schadow to Georg Kolbe. Ends Feb 17.

Düsseldorf, Kunstverein and Kunsthalle, 4 Grabbeplatz: Russian and Soviet Art – Tradition and the Present links the time of old Russian icon painting to today's contemporary approach with the help of 300 works of art. This is the most com*prehensive show of* Russian art presented in the Federal Republic. Ends Jan 27.

Munich, Villa Stuck, 60 Prinzregentenstrasse: 80 coloured drawings from between 1880 and 1917 by Gustav Klimt, the Austrian chief protagonist of Viennese *Jugendstil.* Ends Jan 27.

Berlin, Nationalgalerie, 50 Potsdamer Strasse: "We Progress Continuously" has 300 sketches in preparation of nine paintings by Johannes Grützke, the contemporary realistic painter. Ends Jan 27

Bremen, Kunsthalle, 207 Am Wall: Water Colours from the 16th century includes Albrecht Dürer, Eugene Delacroix and Emil Nolde. Ends Feb 24

Hanover, Kestner Gesellschaft, 16 Warmbüchenstrasse: Fifty oil paintings, drawings and pastels by Francesco Clemente, the Italian painter. The lion's share hails from the artist's visit to India this year. Ends Jan 20

Münster, Westfälisches Landesmuseum, 10 Domplatz: More than 200 drawings and watercolours by Auguste Rodin, the French sculptor. The bulk of the exhibits have never been shown outside the Paris Musée Rodin. Ends Jan 20

PARIS

Kandinsky: 70 paintings, many on loan from the U.S., Germany and Holland, are complemented by Nina Kandinsky's legacy of 700 drawings and sketches, by his correspondence, his library and his own collection. The vast retrospective, the most important in Paris since 1963, retraces the different stages in his creation: Munich, the Bauhaus and finally Paris. Centre Georges Pompidou, closed Tuesdays. Ends Jan 28. (277 1233).

Degas: His portrait of Diego Martelli and his astonishing Bureau des Cotons, with his Carnet 18 to be seen for the first and last time page by page, form the highlights of a vast exhibition of the master's sculptures, paintings, lithographs. Centre Culturel du Marais, 20-28 Rue des Francs-Bourgeois (272.73.52). Every day from 10am till 7pm. Ends Jan 27.

Magritte: Paintings, drawings, gouaches and collages, including La Grande Famille by the Belgian surrealist celebrate the fifth anniversary of the Centre Culturel Wallonie-Bruxelles. 127-129 Rue Saint-Martin (271 26 16). Ends Feb 10.

VIENNA

Medieval Art from Serbian Monasteries: This exhibition from Yugoslavia of religious art from Serbian Medieval Monasteries covers the period from the 10th to 17th centuries and includes some intricately worked silver book covers, chalices and incense burners. Gilded icons are also of interest, showing a surprisingly modern angular technique in depicting *garments. Other exhibits* include illuminated manuscripts and copies of frescoes, and all show a fascinating intermingling of eastern and western artistic influences. Museum of Mankind. Ends Jan 20.

The Vienna workshops: fashion and industrial design: The workshops, founded in 1903 by Josef Hoffman and Kolo Moser, introduced func*tional Jugendstil lines to all kinds of* applied art. The workshops fell victim to the economic crisis in 1932 after producing a dazzling range of objects and designs, many now in the care of the applied arts museum. Futuristic, even bizarre cutlery, tea and coffee sets, lamps and textile designs are shown in the industrial design section of this exhibition. In the larger, less familiar fashion section sketches and photographs record a distinctive ladies fashion style from 1911 to 1932, dashing, willowy, elegant and exclusive. Museum of Applied Arts. Ends Jan 25.

NETHERLANDS

Enschede, Rijksmuseum Twenthe. A retrospective of Odile Redon, with 80 paintings, pastels and drawings, and 50 lithographs and etchings from the state collections. Ends Jan 20.

Utrecht, Central Museum. Rare silver of the Golden Age. The Van Vianen family of Utrecht provided the country's leading silversmiths for much of the 17th century. The 60 objects from London, Vienna, Leningrad, Berlin, Paris and Amsterdam inevitably focus on the work of Adam and Paulus Van Vianen, whose introduction of the auricular style and emphasis on the sculptural qualities of silver brought about a break with the past. Ornate yet graceful cups and ewers contrast with superbly chased tazzas and plaques depicting mythological and biblical scenes in low relief. The dazzling display is complemented by 17th-century paintings and drawings in which the Van Vianens' creations featured as sumptuous accessories. Ends Feb 10 (closed Mon).

S. Jessurun de Mesquita: Prints, drawings and decorative designs trace the career of this exponent of Art *Nouveau* who managed to combine simplicity and crispness of line in his woodcuts of people and animals with the bizarre extravagance of the "sensitivistic" drawings – fevered caricatures with a surrealist tinge. Amsterdam, Jewish Historical Museum. Ends March 10 (closed Mon). A smaller exhibition of the sensitivistic drawings runs concurrently in Rotterdam, Boymans-van Beuningen Museum.

Amsterdam Historical Museum. A show of 19th-century topical prints which met a popular demand for political comment. Illustrations commemorating important events in Dutch history, and souvenirs of royal occasions. Ends March 3 (Printroom closed Sun, Mon).

Amsterdam. The Rijksmuseum opens its centenary year with a close look at the Last Supper. Twenty sketches and studies, 12 by Leonardo, accompany an immense photographic reproduction of the ailing mural, while detailed photographs chronicle the restorers' latest efforts to reverse the erosion. Ends March 3. (Closed Mon).

CHICAGO

Museum of Contemporary Art: Celebrating the foresight of local collectors, Dada and Surrealism in Chicago Collections includes more than 300 works by Dali, Ernst, Magritte, Miro, de Chirico, in mixed media including sculpture and photographs as well as paintings and drawings. Ends Jan 27.

TOKYO

Ceramics of East and West (Idemitsu Art Gallery): This exhibition highlights 17th and 18th century fine ceramics in Japan and Europe, including Japanese Arita ware, Delft *from Holland and Meissen* from Germany. Particularly interesting is the influence of these various wares on each other, the result of trading of the period. Shards of Chinese and Japanese pottery excavated outside Cairo are also on display. This museum, on the 9th floor of the Kokusai Building in Hibiya, near Imperial and Palace Hotels, commands an excellent view over the Moat and Emperor's Palace in the centre of Tokyo. A relaxed atmosphere enhanced by the serving of Japanese tea. Ends Feb 3.

Harry Dean Stanton in Repo Man

Cinema/Nigel Andrews

Spaced-out comedy

Repo Man, directed by Alex Cox
Finders Keepers, directed by Richard Lester
Improper Conduct, directed by Nestor Almendros and Orlando Jimenes Leal

Are foreigners, emigrés and displaced persons the best comedy directors? Chaplin was a Britisher abroad, Tati was a Russian-extracted Frenchman, Lubitsch and Wilder were Teutonic *wunderkinder* whisked into between-wars Hollywood. And part of what makes Alex Cox's *Repo Man* and Richard Lester's *Finders Keepers* such crackling comedies — unleashed in Britain in the same week and unlikely to be bettered the whole year — is that they're both made by diselemented directors rejoicing in wildly diselemented characters.

Cox is British and baptises his feature career with an American comedy mixing Sci-Fi fantasy and scatterbrained street wisdom: he directs with the deadpan, semi-detached delight of an innocent abroad. Lester is an Anglicised American (who helped paint a smile on the Swinging 60s in Britain with *The Knack* and *A Hard Day's Night*) who has hopped back to America to make a film that's like *Some Like It Hot* crossed with Monty Python.

In *Repo Man* Emilio Estevez—son of Martin Sheen and comically cloning his dad's shell-shocked baby face—is our Candide hero caught in the eye of a beautiful chaos of a plot in which the car-repossession firm he works for, led by avuncular vulture Harry Dean Stanton, tunes in on an alien invasion. From the opening scene in which a traffic patrolman is blown away by the unseen "thing" in the trunk of an offender's car—only the cop's boots are left smoking on the tarmac—*Repo Man skitters along blending apocalyptic* fantasy with slapstick, street slang and off-the-peg mysticism.

This is an urban America in which the era of Star Wars technology has clearly come to pass—metaphorically at least—on Earth. Everyone is living in his own deep space and wildly intercepting other people's missiles of wit, philosophy or spiritual insight. The film's *solemnity is its funniest* stroke of all. "Wow—intense!" purrs Estevez after Stanton has outwitted an enemy in a car chase down LA's famous drive-along storm drains: "Repo man," sternly chants Stanton in reply, "is *always* intense." Elsewhere the tone is similarly Delphic, whether it's the repo firm's odd job man (Tracey Walter) cloudily speaking of the universe's "lattice of coincidence" and "cosmic unconsciousness" over the garbage incinerator, or the antics of Estevez's spaced-out girlfriend (Olivia Barash) who works for the large and sinister United Fruitcake Outlet (*try the initials*).

The message of *Repo Man* is that Outer Space, or at least an equivalently weird and far-out reality, is already alive and well down here in America's melting-pot culture. *Finders Keepers* is more earthbound in its comic referents but no less buoyant in its impact; a chase caper à la *Mad, Mad, Mad, Mad World* with an all-sorts cast stumbling over each other as different but parallel plots converge towards the same vanishing point. The object drawing them together is a coffin (does it contain a body or a fortune?). The setting is (mostly) a *trans-America train.*

En route we have slippery spiv Ed Lauter helping disguised heiress Pamela Stephenson flee with Dad's loot; roller-derby manager Michael O'Keefe fleeing the vengeful Amazons of his bankrupt team and then tangling with nervous-breakdown actress Beverly D'Angelo; shaggy-dog train guard David Wayne, gifted with appalling recall of great presidents ("Now I know I was already born when President Lincoln was shot . . ."), and Brian Dennehy as a small-town mayor embarrassed by a body who keeps coming back to life. And as always with Lester's best films no character walks across the screen without leaving a comic calling-card (I especially liked the lady flower-seller with her quick-change sales approach: "Have a flower for your bereavement. OK, don't").

Though the comedy needs an extra volt in the final reel — the climax doesn't quite climax and we're still waiting for our eager giggles to be converted *to guffaws—elsewhere* it's zany in just the right way. Inspired offhandedness is an almost lost art in the age of *Police Academy* or *Ghostbusters,* but here Lester has so many good gags up his sleeve he doesn't care if we miss a few while we blink.

*

Every time we blink during *Improper Conduct* we miss a rotten egg hurled at Castro's Cuba. Nestor Almendros and Orlando Jimenez Leal made this riveting two-hour documentary on the evils of Fidel's once-lauded commune; a regime which enjoyed such a long propagandist honeymoon as the *cynosure of all Leftist eyes,* especially in the 1960s, that it's both startling and instructive to see the honeymoon here exposed as fraudulent almost from the beginning.

Lifting the veil on Castro's treatment of artists, intellectual and (especially) homosexuals, the film collages interviews with Cuban emigrés and exiles—from writers like Herbeto Padillla and Reinaldo Arenas to ex-diplomats like Martha Frayde—who recall the labour camps, the arbitrary arrests and imprisonments, and often the outright physical brutality used to punish any hint of sexual dis*sidence or any threat to the* beloved "machismo" of Castro's Cuba.

But the most dismaying interview of all, perhaps, is not with a victime but with intellectual and armchair radical Susan Sontag; who talks in circumspect French of thre tragedy of the "poor Left" and its disillusion with Castro. The "poor Left," of course, are the people who help prop up despots like Castro in the first place. Some day the Sontags of this world will surely realise that cruelty and repression are not an *accident* of Communism —one that mystifyingly befalls, one by one, their hoped-for utopias—but are endemic to Communism: as they are to any political creed, of Right or Left, built on the belief that individual freedom can or should take second place to the needs and dictates of the state. *Improper Conduct* is a dose of corrective medicine such people can learn from, and so can we all.

*

Alain Jessua's Les Chiens and James Cameron's *The Terminator* complete the week with a twofold blast of catchpenny paranoia.

Since my experience of Alsatian aggression is confined to my once having "dogsat" my brother's docile four-footer for two months, during which he attacked absolutely nothing except the odd passing train on the common, the persecution mania of Jessua's film seems to me excessive. In a small French town, dogs trained by resident power-seeker, nutter and aspiring mayor Gerard Depardieu bite and kill innocent citizens (including the present mayor). Will the town wake to the threat in its midst? Will Doctor Victor Lanoux rouse himself from his acting stupor to put together some clues and his own performance? And what on earth is Fanny Ardant doing in the film in a two-minute role as a passing dog-owner? Much canine sound and fury, signifying little.

The Terminator starts with the frightening sight of Arnold Schwarzenegger in the nude—he looks as if he has been poured into his musles by Michelangelo and forgotten to say when—and proceeds to the still more frightening sight and sound of writer-director Cameron bursting his shirt-buttons to create the story of a humanoid robot (Schwarzenegger) darting into LA from the future to wreak pre-emptive bloodshed on a young girl (Linda Hamilton) who will *mother a race of super-heroes.*

En route much flesh is crushed or crunched, several organs are eviscerated, eyes are surgically extracted, and many state-of-the-art special effects are deployed in the interests of little other than state-of-the-art nausea.

New governor for BFI

Lord Gowrie, Minister for the Arts, has announced the appointment of Dipak Nandy as a member of the board of governors of the British Film Institute. His appointment will run until September 30 1987.

Capriccio/Glasgow

Max Loppert

Skirting the gauche

On the face of it there seem to be several plausible reasons why Scottish Opera should take into its repertory the last Strauss opera, which it did on Wednesday.

The Theatre Royal, among medium-sized houses, is an exceptionally warm, intimate place to hold a "conversation piece for music" (as Strauss and Clemens Krauss styled their collaboration). The company administrator, John Cox, perhaps the leading Strauss producer of the day, had a famous Glyndebourne success with Capriccio 11 seasons ago. The absence of chorus and the single, chamber setting can certainly bring relief to any hard-pressed operatic budget; the cast engaged looked on paper to combine freshness and experience most attractively. And in Norman Del Mar Scottish Opera has a conductor who is also a leading Strauss authority.

But somehow, at least at the première, the figures failed to add up. Part of the difficulty in their doing so lies, I feel, with the work itself. Straussians, especially that most recent, rabid strain of the breed, are insistent that late Strauss is undervalued, and that this supposedly simple rumination on Art and Life is in fact a final, culminating masterpiece. I don't hear and see it quite like that. Even in performances more polished than Thursday's, it does *run on* so. Golden ideas and not so golden ideas (the motive associated with Flamand *is of a wearying banality*) are developed at apparently unstoppable length, with an apparent inability to be cut short for purposes of dramatic economy — how one occasionally longs for Strauss to have taken the advice of the opera's own theatre director, La Roche!

It's a work that promises, in score contemplation, to be about so much more than in the actual experience it proves to be—though at Glyndebourne this sensation was much reduced by the presence of a cast of high urbanity and *soigné* vocal manners, twined by Mr Cox (and by John Pritchard in the pit) into patterns of delightful fascination in their own right. That production also owed its fame to Martin Battersby's updating to the 1920s—a practice repeated on Scottish Opera's behalf by Mr Cox on the same grounds that the work's "contemporaneity" must grow correspondingly greater in the audience's consciousness.

In retrospect, I feel sure that this element counted as a lesser factor in the Glyndebourne success. For now, though Jack Notman's new designs (with devotional nods to the Delauneys) are of rigorously detailed elegance in their own chosen style, the danger of anachronism (people carying on like Noël and Gertie while talking of Gluck and Goldoni) seems far greater, and archness a more persistent threat. When the most adept members of the cast occupy stage centre — Anne Howells as a devastatingly funny but also serious, intelligent Clairon, Stafford Dean (not in best voice) as a lovably crotchety and also serious La Roche, Ian Caddy lightly gracing the Count with gentle silly-ass enthusiasms—it is a threat reduced. So too the deliciously caricatured Italian singers of Francis Egerton and Maria Moll through her appetites provide a dangerously compelling distraction in the Laughing Ensemble.

But elsewhere the dramatic and vocal style is less certain, and so the imposed visual styles become a general burden. Flamand, Ian Caley (evidently a competent *keyboard player*), is artless to the point of gaucheness; Alan Oke's Olivier, though his simmering moods are in the right vein, carries vocal and physical stiffness too far. And, most seriously, there is the central problem of Margaret Marshall's Countess: I couldn't decide whether it must be accounted a brilliant study of insufferable narcissism, all poses and smiles and mirror *meditations,* or a nervously inexperienced performance; but in any event it threw over the character an air of continual, knowing insincerity which Miss Marshall's tight-throated vocal methods did little to relieve—the last 20 minutes were far from refulgent, though things *may improve* later in the run.

Mr Del Mar views the opera gently, evenly, without the lively characterising of different episodes that can come to temper those floods of developmental themes and counter-themes. The orchestral tone, particularly of the strings, tended to solidity; lightness, buoyancy, and clarity were only fitfully evidenced. The whole first-night showing did not disprove the conviction that *Capriccio* is at its best as a festival rarity, not easily plunged into ordinary "house" workings. In his Strauss *magnum opus* the conductor calls the insertion of an interval into an unbroken opera an "iniquity"—but it is one that his practice here pardons!

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Friday January 11 1985

Benign neglect, British style

ONLY A week ago, it could still be argued that the lack of any response in UK monetary policy to the decline in sterling simply showed some steadiness in the face of turbulent conditions. The oil price was falling rapidly, and in face of this any attempt to counter the exchange market pressures could have been ineffective or even, as happened more than 20 years ago, read as a sign of panic. With every day that passes, though, that *interpretation looks less plausible.*

First, the oil price steadied. Then, at the beginning of the week, sterling bounced up quite strongly on the belief that rates were about to rise because of domestic monetary conditions. Nothing happened, and the market has been left to conclude that the authorities are not particularly worried about sterling.

We do not believe this is an accurate reading of the Government's mind; at the very least, ministers are worried about *how worried they ought to be.* Those who are still convinced monetarists can no doubt comfort themselves with the thought that any inflationary shock from the depreciation of sterling will only be temporary—a bump in a long term trend determined by domestic monetary growth, however that may be defined. This no doubt explains why a good deal of criticism from those normally sympathetic to the Government has been framed in terms of domestic monetary policy. Domestic conditions, they argue, would justify a rise in interest rates, which would indeed have occurred if the Bank of England had not so assiduously fed funds to the market.

Disruption

Others, however, may remember the period of benign neglect under President Carter, when the money numbers were orderly but the dollar was weak. The inflationary shock which resulted was powerful, the subsequent Volcker deflation very painful, and the disruption is still apparent in the world *economy. Those who criticised* the Americans for neglecting the message from the exchange market should wear the cap when it fits.

Many of the domestic criticisms of government monetary policy at the moment seem misconceived. It is quite inevitable that the authorities should provide large assistance to the money markets in the revenue season; and the form of that assistance this year, through gilts repurchases rather than in the bill market, simply reflects the fact that the authorities are already sitting on a mountain of commercial bills. The authorities are not actively holding rates down; they are simply ignoring the message from the exchange markets that they might well be pushed up.

Determination

There is a more fundamental question, however, raised by the existence of the bill mountain. This reflects a long period of over-funding, in which monetary targets have been achieved by selling government stock to offset private bank lending. It is not clear how far money numbers produced by this peculiarly British technique have the significance which monetarists suppose. If credit expansion rather than liquidity is the test, it does not; and the strong rise in security prices and house prices, as well as the rapid growth of broadly defined liquidity and the weakness of sterling, underline these questions sharply.

Against this background of monetary doubt — and even those responsible for policy admit recent figures are unusually "noisy" (a knowing way of confessing ignorance), we are driven back to a question we have raised before. Should not the exchange rate itself be given a bigger role in determining monetary policy actions? Even though oil-related forces may make management difficult in the case of sterling, and be thought in Whitehall to make membership of the European Monetary System impracticable for the UK, we believe European experience shows the merit of an exchange rate approach.

Meanwhile, the markets are posing a more pressing question: when does the Government begin to show some concern? While it is clear that exchange rates do not feed through to domestic prices nearly as strongly as was once supposed, *and the fall until now in the* effective rate can be seen as a helpful correction, it could be dangerous to be too relaxed about a long bear trend. At some point in such trends, markets have a way of testing the determination of the authorities. The longer the test is postponed, the more difficult it is likely to be.

The high costs of apartheid

THE VISITS by Senator Edward Kennedy to South Africa and by Bishop Desmond Tutu, the black bishop of Johannesburg and Nobel peace prize winner, to the U.S., have helped stimulate debate on a complex issue: the role of foreign investors in the republic.

All participants (except Pretoria itself) agree on the need for fundamental changes to apartheid, but there are wide differences over tactics. They range from demands for a withdrawal of existing investment and bans on new investment and any other form of financial support, to calls for more stringent—perhaps mandatory—codes of conduct for foreign companies in their relations with black employees.

Supporters of disinvestment argue that the nature of apartheid sets South Africa apart from other repressive regimes.

The combination to date of an arms and oil embargo and moral suasion has had little if any impact on the ruling National Party which, they believe, will shift its stance only in response to increased economic pressure from outside. Many observers believe the contrary: an economically ostracised white community would become less, not more, amenable to change.

Compelling

The compelling argument against disinvestment is the adverse impact on black jobs. The views of black workers on this issue are difficult to determine. What is clear, however, is their demand for improved working conditions. These include trade union rights (granted in limited form over the past few years), the freedom to work where they choose, and the right to live with their families, from whom most black workers in the Republic are separated.

Not surprisingly, foreign investors have trodden a cautious path. The Sullivan Code of business conduct, subscribed to by a fifth of the U.S. companies in South Africa, sets out six principles which include non-segregation in company facilities, equal pay, training programmes for non-whites and improved housing, education and health care for black employees.

Last month, however, employer responsibilities under the Code were taken a significant step further. It now asks American companies to campaign for the right of black businessmen to set up in urban areas and for complete freedom of mobility for black workers.

Unprecedented

Behind the Code is an increasingly concerned lobby in the U.S., based on the black vote, which can back breaches of the Code with consumer action. No comparable lobby exists in Europe, where the EEC code of conduct for companies with interests in South Africa has—perhaps for this reason—limited impact. The extension of the Sullivan Code should nevertheless be matched by the EEC. In doing so member countries will also reflect the changing mood of the local business community in South Africa.

In an unprecedented step this week, six employers' federations, whose members employ over 80 per cent of the country's workforce, called on the Government to allow the participation of blacks in politics, an end to job reservation, universal citizenship, free and independent trade unions and an end to the forced removal of blacks from "white areas."

The South African business community has called for reform in the past. But there are new elements today which give weight to their demands. The economy is in severe recession, hit by the low price of gold and the worst drought this century. The cost of apartheid is starting to tell, whether it be apartheid-determined labour laws or high security spending.

The new call for reform comes after what may be seen as a watershed year. There has been almost daily black student unrest, mounting trade union activity including a two day strike by black workers which almost paralysed Johannesburg and the introduction of a new constitution which, by excluding blacks, exacerbated rather than mollified dissent. All these pressures can only make more urgent the need to dismantle the apartheid system.

BRAZIL'S PRESIDENTIAL ELECTION

Presidential profiles: General Figueiredo shakes hand with his predecessor President Geisel (centre), flanked by Tuesday's candidates Tancredo Neves (left) and Paulo Maluf (right)

The military hands back the reins

By Andrew Whitley in Rio de Janeiro

NEXT TUESDAY has been inscribed on the minds of tens of millions of Brazilians for what must seem to many to have been an eternity.

On that day they, through their elected representatives, will have the chance to select a civilian successor to President Joao Figueiredo—the last in a line of soldier-presidents who have ruled this giant country of 130m people for an unbroken span of 21 years.

Brazil has changed enormously over the years since President Joao Goulart, its last civilian leader, was struggling with mounting economic chaos at home.

Since the 1964 coup, Latin America's leading power, long regarded as "the country of the future," has fulfilled many of its ambitions. It has become *the western world's eighth-*ranked economic power, with an infrastructure and industrial base greater than that of many European nations. Until the 1973 oil crisis, it was able to achieve rapid rates of growth despite high inflation.

But subsequently, it has also amassed the world's largest foreign debt, topping U.S.$100bn, and spawned a host of domestic economic and social problems which pose huge challenges to whoever is elected on Tuesday.

In accordance with the military-amended constitution, the succession will be determined by an electoral college, composed of 686 members of the Federal and state legislatures. Their choice is a clear-cut one, between two rival candidates—Paulo Maluf, the government party man, and Tancredo Neves, the joint candidate of Brazil's main opposition parties.

There is not much doubt about the outcome. For the past three months or so, ever since the military finally faced up to the unpopularity of their candidate, it has been clear that, barring a last-minute upset, the opposition candidate will be the victor.

The nature of the military regime in Brazil has always been different from that of other Latin American countries, where the word "dictatorship" *was justified. Here,* it was always closer to—and more sensitive to — the mainstream of public opinion.

The original takeover was justified by the military at the time as much by the need to save the country from economic destruction and rebuild it on planned, orderly foundations, as it was to save the people from communism.

Ironically, they hand Brazil back to the civilian politicians with the economy, at least superfically, in even worse shape than when they took over. Their withdrawal from power has been hastened by their inability to cope with record inflation of over 230 per cent, as *well as by the democratic* reforms they themselves set in motion at the end of the 1970s.

There are few countries where the military have voluntarily returned power to the politicians they ousted. But even the closest supporters of Maluf, the government candidate, no longer expects his election. If they are right, Sr Neves will take over a country impatient for a different diet than the recession, unemployment and public austerity it has had to accept for the past three years. For the most part, moreover, this diet has been administered by unelecteted technocrats and their military masters.

But Brazil and Brazilians *are* different from other, more restive, more politicised countries and peoples. For all the alarmist fears of outsiders, there appears to be no cauldron about to boil over if popular demands are not rapidly met. Nor are the military pawing the ground waiting for the first chance to reinterevene.

Tancredo Neves is fully aware that he faces a consider*able crisis of expectations.* He is also realistic enough to know that his room for manoeuvre, particularly in his first months in office, will be strictly limited by economic circumstances largely beyond his — or anyone else's — control.

The incoming government is universally viewed as a transition administration, designed to complete the long drawn-out return by Brazil to full, participatory democracy. This means a completely fresh approach to the needs of development, under a fresh set of faces. The emphasis will be placed, for example, on food production for domestic consumption rather than for *export, to meet balance of pay*ments considerations.

Sr Neves has stressed in recent declarations that he will take a responsible approach to the country's commitments abroad. He will not seek a rupture with the International Monetary Fund and has taken no ideological stance on the debt renegotiations with bank creditors.

But even with the best of intentions on both sides, it is hard for anyone in Brazil, trained economist or layman, to see how he will be able to reconcile the conflicting challenges at home and abroad. The IMF's latest letter of intent with Brazil — drafted but not yet approved—looks impossible to accomplish.

The declared priorities of his economic transition team, already hard at work on the outgoing government's budget, looking for areas of saving and resource redeployment, are to tackle inflation, domestic public debt and the foreign debt—in that order.

For opposition economists, the debt renegotiations now going on in New York with Brazil's bank advisory committee are essentially a political problem "which can be settled." Tancredo Neves has been careful to give no carte blanche to the current set of negotiators, but he is unlikely to seek to alter substantially the final terms agreed.

Once formally acclaimed president, Sr Neves is, instead, expected to move swiftly to reassure nervous Brazilians that his administration will adopt responsible economic policies and will not be hostage to the disparate forces which have united to get him elected.

In particular, he is likely to disappoint the Left. A massive document recently presented to him by the Brazilian Democratic Movement Party—the largest single party in the country today—was laconically dismissed by the presidential candidate as a "useful set of bearings for those moments when I am perplexed." Among its recommendations were a unilateral moratorium on debt payments as a last-resort weapon to be used against the foreign creditors.

Politically, the key tasks facing the new administration will be to restore the national constitution to its former liberal, democratic state and to hold direct elections for Neves' successor, at a date still to be fixed.

Despite the half-way house character of the new government, Brazilian democracy will nevertheless have, once again, returned. Since the late 19th century, Brazil has had a functioning democratic tradition: the difference now is that whereas in the past politics was an affair for the elites, mass participation at all levels of government is now taken for granted as a right.

Television covering every corner of the country and far greater personal mobility than was ever conceived two decades ago, have been among the military's most important contributions to Brazilian development. But these blessings have been bestowed on an electorate over half of whom have never voted in a presidential election.

On the other hand, the gradual return to normal political life begun in earnest six years ago by President Figueiredo has created a much more aware, *and sophisticated,* electorate than might have been expected after 21 years of military rule. In 1982, Brazilians went to the polls in general elections widely regarded as free and fair.

Their results were honoured and the experience opposition politicians have subsequently gained in state governments and the federal congress will stand them in good stead.

Unlike President Raul Alfonsin in Argentina, who dithered dangerously as he strived to keep his political balance, Tancredo Neves will at least try to pursue a much more consistent and conservative course.

Tancredo Neves is a "Mineiro" from the wealthy mining and farming state of Minas Gerais, whose natives are noted for their reticent nature, caution and hard work.

He fits the stereotype perfectly. A respected, if not loved, elder statesman of the Brazilian political establishment, it was only when it became clear in the middle of last year that he would stand a better than even chance of victory if he ran, that he decided to step down as Minas Gerais state governor and accept his party's nomination for the presidency.

The Government's Social Democratic Party, meanwhile, was tearing itself to pieces over the unstoppable ambitions of Paulo Maluf, a maverick political outsider from Sao Paulo's Lebanese immigrant community.

At the official party's selection convention last August, Sr Maluf won the candidacy handsomely, crushing his rivals with the same methods he had used to win every post he had contested in Sao Paulo state, including the governorship.

In the process he sowed the seeds of his own downfall; the size and nature of Maluf's victory at the party convention led directly to the break-up into three factions of the military's trusted political poodle. In the process, the Figueiredo Government lost the inbuilt majority in the electoral college it had worked so hard to create and preserve, in the face of its own desire to restore normal democratic life to Brazil.

Most of the technocrats in the *outgoing government will* be returning to private life. The one, major exception is likely to be Antonio Delfim Netto, the man who has dominated the Brazilian economic scene for much of the military era. Since the early 1970s, in various administrations, he has been finance minister or planning minister and he is the official most credited with the successes of the decade.

By his own account, Delfim has not lost his well-known taste for politics. But he has encouraged speculation that he is waiting in the wings to take over the ruins of the former government party and lead it in parliamentary opposition to Tancredo Neves.

The crucial error made by Paulo Maluf seems to have been his failure to recognise that political conditions in Brazil have changed in recent years. What was practical politics under the closed system favoured by the military and their civilian supporters in the past could no longer work in 1984.

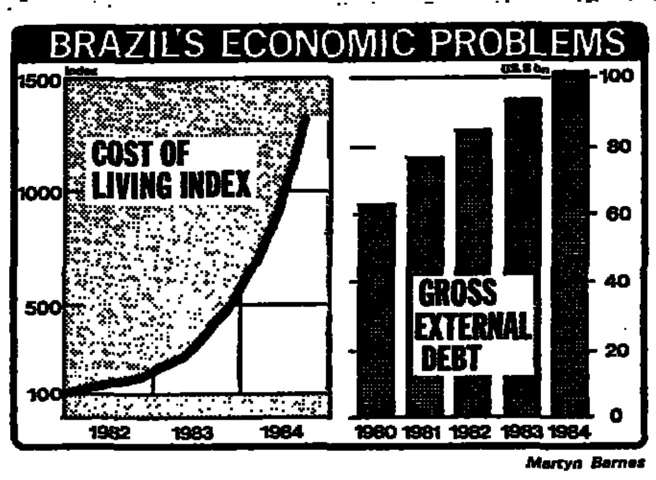
For this, Brazilians have President Figueiredo himself to thank. After the repression of the 1970s, it was he who granted amnesties to political opponents, ended censorship, cut the military and right wing down to size, and presided over the 1982 general elections.

Tancredo Neves approaches the final hurdle on Tuesday having passed all the tests. Unofficially he has already been recognised as Brazil's next president by ministers and other senior figures from the military-led regime.

Crucial to his success was the unwritten pact reached late last year with Brazil's top serving general. Under this deal he is believed to have promised that there will be no Alfonsin-style examination of the military's human rights record or investigation of past economic scandals after he takes office.

Whether, in the face of popular pressures—especially if there is another economic downturn and discontent rises to the surface—Neves will be able to honour those promises is hard to predict. But, at least, the deal that was struck has ensured that there will be a smooth transition, an outcome that certainly could not have been foreseen with any confidence a year ago.

BRAZIL'S ECONOMIC PROBLEMS



Martyn Barnes

Men and Matters

Nissen's billet

George Nissen's father invented th efamous Nissen hut, a primitive corrugated-iron structure used to house armed forces during the last war. But last night, George Nissen himself was closeted in a more comfortable billet as he and five members of the Stock Exchange council toiled into the night to devise major constitutional changes for the Exchange.

There are 52 members of the council and 52 different opinions to reconcile at tonight's meeting. Previous meetings of Nissent's ad-hoc constitutional committee have run on for as long as six hours in an effort to produce acceptable proposals.

"If anyone can produce a plan which will be agreed, George is the man to do it," said one stock market professional.

Nissen, in his *mid fifties* and the senior partner of brokers Pember and Boyle, is reckoned to be a superb committee man. He apparently has the ability to say "no" without people realising that he is saying "no." And he has the facility, according to one observer, to make any differences of opinion seem minimal.

A former deputy chairman of the Stock Exchange, Nissen, who is in charge of mapping out a key part of its future, also has an eye on the past. "He is crazy about old railways," according to another stock market man.

Pember and Boyle, too, is involved in the City revolution. *It has* forged a link with merchant bankers Morgan Grenfell. Nissen, who succeeded Nigel Althaus, now the Government Broker, was obviously keen to see that his firm was securely placed for the future. "He is a pragmatist," said one broker.

"I didn't get a job but I was interviewed for the next social trends survey"

1958 and all that

Enoch Powell will disappoint a lot of political observers if his move to extend the 30-year ban on publication of Cabinet papers and other confidential government documents succeeds.

Powell has tabled a parliamentary motion to keep such documents secret for 50 years, to avoid fear of subsequent disclosure inhibiting the "sincere and candid advice" that Ministers have a duty to offer the Crown.

If the 30-year rule is retained, he says, Cabinet papers from the 1950s will soon be available to the public while some of the Ministers involved are still *active in public life.*

Many people in Westminster in fact, are keenly awaiting the publication in 1988 of the Cabinet papers for 1958, the year of Macmillan's "little local difficulty" when monetarism first reared its head and three Treasury Ministers, Peter Thorneycroft, the Chancellor, Nigel Birch, Economic Secretary, and Powell, Financial Secretary, resigned.

The Cabinet papers will show whether the view widely held at the time was right—that it was Powell who forced Thorneycroft's hand by insisting on a firm stand against attempts by other Cabinet Ministers to increase public spending.

Viewpoint

The slight thaw between the super-powers which started at Geneva could be accelerated by a little-noticed meeting next month of a U.S. Government agency, the Federal Communications Commission.

Officials at the FCC's meeting —which is to discuss technical standards for the U.S. direct-broadcasting services due to start in 1987—will attend to an issue of special interest to the Kremlin.

This is how to ensure that U.S. television satellites do not accidentally channel signals that are meant for Alaska across the Bering Strait to the snowy wastes of Siberia.

For some years, the Soviets have been worried about the effects of broadcasts from Western TV satellites to the Communist bloc.

With the advent of spacecraft that can beam high-powered signals across national borders, the Kremlin's fear is that companies in the U.S. or Western Europe could transmit TV programmes to the USSR that might seriously undermine its way of life—episodes of Dallas, for instance, or The Price Is Right.

Market men

Lloyd's underwriters seem to be finding a lot of recruits close to home these days.

The latest is Peter Rawlins, who has been appointed managing director of Sturge Holdings, one of the largest underwriting agencies in the market.

Rawlins, 33, is currently a partner with Arthur Andersen, the accountants, where he has worked since 1972. But when Ian Hay Davison, who headed Andersen's UK operations, joined Lloyd's as chief executive in 1983, Rawlins moved across as his right-hand man. He helped in much of the initial reform programme for self regulation.

Rawlins' salary is not being discussed in public at the moment. But a bench mark was established when Ken Randall, Lloyd's in-house insurance detective and head of the regulatory services, joined Merrett Syndicates as managing director at a salary of more than £50,000 a year.

Another market administrator, Joe Hodges, former secretary-general who left last year, is now a director of Mark Loveday, a small underwriting agency.

Hodges, whose role declined with the creation of Davison's post of chief executive, has also become an underwriting member of Lloyd's. "I always felt that corporation staff should be allowed to be underwriting members," he says, "but Lloyd's would not allow it."

Tea service

Always one step ahead, it seems, the Japanese are now putting some personality back into the dumb vending machines that have replaced the office tea-lady and her trolley.

According to Japanscan, a monthly report on the Japanese food industry published by Mitaka of Leamington Spa, a company is now producing a tea-vending machine that talks to passers-by. "I'm a vending robot, a tea sales girl," it says (in Japanese, of course). "Let's talk."

Equipped with a micro-computer, a laser disc, a TV monitor and a printer, it can dispense seven kinds of tea, show you a short programme about tea cultivation and processing, print out menus, and play video games.

And every time it takes your money, a smiling girl pops on to the screen to say: "Thank you very much."

Clearly the days of gracious living are coming back.

Observer

هكذا صدر الأصل

POLITICS TODAY

The BBC's pride and prejudice

By Malcolm Rutherford

THERE IS something about the BBC which brings out the worst in the British. Because the Corporation was — and still is —*very good, it is assumed that* nothing much must be changed. Nowhere is that clearer than when it comes to new sources of revenue. Prejudice and innate British conservatism are to be found as much among young children as among the older establishment. Alike, they abhor the prospect of advertising, though accepting it quite happily from ITV.

There are several reasons why that view should be challenged, and the conversion will come in the end — although, as with St Augustine, it is likely to be "not yet."

To start with an analogy which is really the clinching case: namely, the book. There was a time when people thought —the bishops, for example — that the invention of the printing press was a most dangerous innovation. There had to be indexes, licensing, restrictions on circulation. In short, there was a regulatory system.

The old restrictions on broadcasting are going

Today, however, you go to the library, or to the bookshop if you can afford it, and take out what you like. The only restrictions to speak of are on defamation and breaches of copyright. Does anyone regret that change, or argue that there should be only a handful of publishing houses in the country whose franchises are periodically subject to renewal or annulment by some regulatory authority? The questions answer themselves.

Broadcasting is approaching that potential degree of freedom. Mr Peter Jay described it in his MacTaggart Lecture at the Edinburgh International Television Festival in 1981 as "electronic publishing"—to be treated eventually on a par with print publishing: you produce what you choose and try to find a market for it.

The old restrictions on broadcasting are going: for instance, *the shortage of airwaves.* All sorts of technological developments have made pluralism possible: cable, satellite and even the chance of a fibre-optic grid connecting every household in the country. Compared to what could happen in the next two decades, it should be clear that we are still living in the early stage of television.

It also seems clear to me, though many people will require a lot of convincing, that the case for a public service broadcasting system is diminishing all the time. Would anybody like a public service newspaper or a public service publishing house, apart from the HMSO? And how many people claim that BBC television news is consistently better than that of ITN? It is becoming an *anachronism to apply one set* of standards to electronic publishing and another to print publishing.

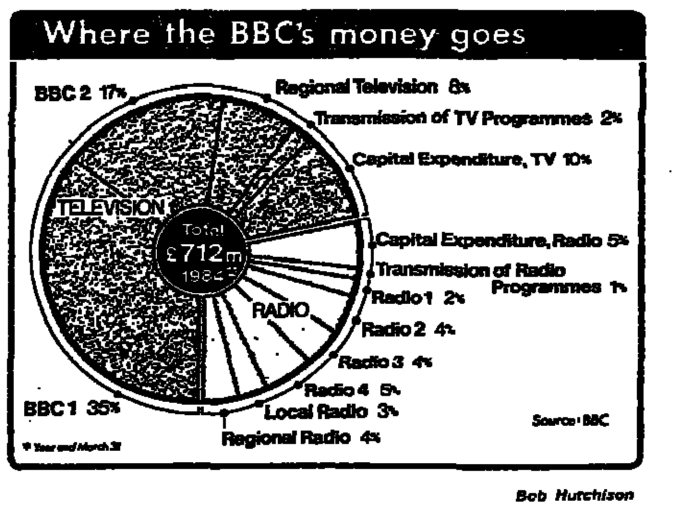
There are two questions. One is what to do about the long-term future of broadcasting — say until the end of the century. The other, and much more, immediate, is what to do about the BBC licence fee. It might help if they could be considered together, for what we should be looking for is an interim or transitional solution.

The present situation between ITV and the BBC is one of a comfortable duopoly. At least, that is how they regard it themselves. ITV has the monopoly of the advertising revenues and the BBC has the monopoly of the licence fee.

The pressure for the BBC to take advertising is coming not from the ITV companies nor from the IBA—indeed it is alomst sinister how much they oppose it—but from the advertising industry. That was the thrust of the recent report, "Funding the BBC," by Saatchi & Saatchi Compton.

The argument goes that the volume of advertising on ITV is unlikely to grow very much since there is little more room for it. Yet the amount of potential advertising will continue to expand. Thus the ITV companies can charge whatever they can get away with.

Where the BBC's money goes



Bob Hutchison

So why not put some of the surplus advertising on the BBC, *relieve the pressure on advertising* rates and help the BBC with its resource problem at the same time?

Personally, I find the case not unattractive. It is not self-evident that the acceptance of advertising would belittle the BBC's standards in any way. Nor would advertising have to be spread across all programmes. Nor would it have to be on the American model of too frequent interruptions: there is the alternative form of sponsorship, which works very well in the arts and sport. Nor would it all need to be down-market.

As the accompanying chart shows, some of the BBC's output costs very little. Radio 1, for example, accounted for only 2 per cent of total expenditure in the year ended March 31 1984. Yet, as we learn from the latest issue of "Social Trends," it is the most popular radio channel in the country. Some 15 per cent of the population over *the age of four listen to it* every day. There would seem to be considerable scope for advertising there.

Radio 3 has a much bigger outlay — 4 per cent — and an audience of just over 1 per cent. But it must be quite a discriminating audience. Companies might advertise there just as they do in the quality and minority press. Would it really hurt anyone if a concert was prefaced by an announcement that it was sponsored by an oil company or a bank?

A comfortable duopoly–ITV has the monopoly of the advertising revenues and the BBC has the monopoly of the licence fee

Still, advertising is not to be —or at least not yet. Mrs Thatcher told the House of Commons on December 13:

"My right hon. and learned friend, the Home Secretary, has to take into account the fact that the BBC licence fee is a sort of compulsory levy on the television viewer, irrespective of whether he watches BBC programmes a great deal. He will wish to balance the needs of the BBC with the interests of the licence fee payer. For that he will need to take many things into account but I doubt whether, *this time*, he will consider the introduction of advertising although, in the longer term, we might have to consider other methods of raising the requisite revenue for the BBC." (My italics.)

Mr Leon Brittan, the Home Secretary, agrees.

Yet a problem remains. There is now a serious disparity between the revenues of the BBC and ITV. Last year the ITV companies had around £1bn at their disposal, while the BBC had little over £700m. The gap is likely to continue to grow if advertising remains buoyant, as Saatchi and Saatchi Compton predicts.

On the BBC's own admission the difference between BBC and ITV fees to artists is currently *in the order of 35 per cent.* It is not fanciful to suggest that at some stage it will be lower pay and lower morale rather than the introduction of advertising that will bring down the Corporation's standards.

The BBC is seeking to overcome this by calling for an annual licence fee for colour TV of £65 to run for three years from April. Three years ago it *asked for an annual fee of £53* and was awarded £46—the current rate.

The Home Secretary's position is that *no decision* has yet been taken. He is waiting for a report which he has commissioned on value for money in the BBC from the accountants Peat Marwick Mitchell and Co. Nothing much will happen until that has been received.

Meanwhile here are two possible ways of funding the Corporation which could complement and perhaps ultimately supplant the licence fee.

The first consists simply of giving the BBC some of the benefits of advertising revenues without the burden of taking advertising. At present, the ITV levy is raised on profits, not revenue. There is therefore not too much incentive for money to be made: it goes back into the programmes, thereby further increasing the disparity between ITV and the BBC.

The Home Office, however, is considering changing the levy into a turnover tax. If it were to do that, some or all of the proceeds could go not to the Exchequer, but to the BBC. It would be a kind of equalisation tax and would reduce the political unpopularity incurred by periodic sharp rises in the licence fee.

The second possibility was first raised by Peter Jay in an article in The Times as long ago as 1969. It consists of putting a tax on the sale of all broadcasting equipment. It would include videos, which "Social Trends" tells us are now possessed by 18 per cent of all British households, and all forms of tapes. It would be in addition to VAT, but like VAT it would be the responsibility of the retailer to collect it. The proceeds would go, in whole or in part, to the BBC.

The scheme has several advantages. It would remove the hassle over the licence fee. Last year the Corporation spent £56.7m to administer it. (The Chancellor of the Exchequer, by contrast, abolished the pound note to save £3m.) It could be introduced in the next Finance Bill and the licence fee dismissed almost overnight. Moreover, it could form the basis for funding if the Government were to develop some new form of broadcasting.

Storing up trouble for the future

Yet it looks as if such fundamental decisions will be postponed. The Government will go on with the old system one more time. It will receive the report from Peat, Marwick, Mitchell, suggest that the Corporation could become more efficient, argue that it does not need to be engaged in every single area of broadcasting and give it less than the £65 demanded.

All that seems to me to be storing up trouble for the future. Standards will decline and it is not the hallmark of a radical government which in other sectors has been so keen on privatisation.

Lombard

Redirecting the Treasury

By Michael Prowse

FOR DECADES, economic policy in Britain, and other industrial countries, meant primarily *macro*economic policy. But in the past five years or so, rightly or wrongly, traditional classical economics has triumphed over the post-war Keynesian consensus and the importance of *micro*-economic measures has been increasingly recognised. Two British Chancellors, Sir Geoffrey Howe and latterly Mr Nigel Lawson, have been in the vanguard of this movement. Strangely, however, the organisation of the British Treasury still reflects the old Keynesian orthodoxy.

The most obvious giveaway is the continued drain on *resources of the Treasury's vast* macroeconomic forecasting model. This dinosaur contains hundreds of complex econometric equations and, believe it or not, holds in thrall some 40 Treasury economists, two-thirds of Mr Lawson's specialised manpower. Despite some recent modifications ordered by the Chancellor, it still reflects the Keynesian, fine-tuning pre-*occupations of its creators.* Yet modern economics suggests much smaller models can be as effective: the proof of the pudding is the success of two-man City teams deploying little more than the FT and a pocket calculator.

Perhaps the Treasury should drop any claim to detailed prescience. As David Hume, the Scottish philosopher, pointed out *200* years ago, there is no justification for believing the future will resemble the past. Extrapolating old economic relationships is often a waste of time. Behaviour changes: what held good in the Wilson-Callaghan era is no guide to Thatcherite Britain; what seems incontrovertible today may break down in the 1990s.

Scrapping, abrogating or privatising the Treasury's dinosaur might free an extra 30 economists from the drudgery of computer print outs, giving them time instead to devise worthwhile microeconomic reforms. Since the inception of the Medium-Term Financial Strategy, UK macroeconomic policy has been on auto-pilot: the crying need now is for the Treasury to take more seriously the Government's strictures about microeconomics. The record to date is not particularly impressive: Treasury ideas (or even well-argued background papers) on such key micro issues as tax reform, the labour market and competition policy have been conspicuous by their absence.

The Treasury's silence on a range of important practical microeconomic issues may not only reflect traditional civil service secrecy but also a lack *of experience* and expertise. A redeployment of Treasury economists from forecasting, which is endlessly replicated in the private sector, would help to correct the Treasury's relative weakness in the practical application of microeconomics. But it would not be sufficient. The Chancellor needs a dynamic chief *microeconomic* adviser. Sir Terry Burns, the present *chief economic adviser, has a* background in macro forecasting.

What is needed is somebody whose bread and butter is the practical application of micro-economics—somebody who can stand up to stonewalling from the Inland Revenue whenever the dreaded phrase "tax reform" is uttered, somebody who is an expert on arcane subjects like inflation accounting, can devise ways of regulating privatised goliaths and knows the social security system inside out. Most important, a new chief *micro*economic adviser, from outside, would need the energy to galvanise the Treasury's existing manpower.

Recruitment for this exacting post might not be the nightmare it sounds. The job, a technical one, ought to be regarded as apolitical. It is at least as important to get a qualified outsider into this position as it is to appoint businessmen to run organisations like the National Health Service.

Letters to the Editor

Organising the Stock Market

From Mr T. Ackland.

Sir,—As a member of the investing public I have read with increasing concern over recent months, the proposals for re-organising the fundamental structure and working methods of the Stock Market. As I understand it the *strict division* between stock jobber (the market maker) and the broker acting as agent for clients is to be swept away and to be replaced by a large number of financial organisations acting in a dual capacity, as both market maker and broker, which until now I had always understood was forbidden under the rules of the Stock Exchange.

I am told that *this drastic* action has become necessary because of pressure from the Office of Fair Trading, but upon further inquiry it seems that that department was only concerned to see that there was no restriction placed on commission rates quoted to clients, thus complying with the Government's avowed policy of free competition. On that basis I *find it difficult* to understand why it is necessary to make these fundamental changes to a system which by and large has worked extremely well for over 100 years and has been the envy of the financial world. That system contained a considerable measure of protection for the investing public but at present I cannot see how that protection is to be maintained judging by the confusing reports emanating from the financial media.

The fact that we are adopting a system which is used in the United States of America I find no reassurance whatsoever, and indeed, bearing in mind that major firms of brokers and jobbers now seem to be queueing up to be taken over by major U.S. and other international banks means surely that our stock market will be effectively outside UK control—a fact which I find quite alarming bearing in mind that the City of London is still the financial centre of the world.

T. F. Ackland,
Wildash and Co.,
106-114, Borough High Street, S.E.1.

Selling off BA

From the Chief Financial Officer, British Airways

Sir,—I refer to Mr M. Greener's letter (January 9) in which he draws attention to the dollar loans which BA has, but which are guaranteed against exchange rate fluctuations by HMG. This subject has arisen on a number of occasions and has been responded to not only in letters, but also in some detail on Page 10 of the British Airways' report and accounts for 1983/84.

For those who wish to be aware of a brief response it is that some years ago the Treasury encouraged nationalised industries to borrow foreign exchange in this manner. The Treasury retained the particular currency as part of the UK's official reserves. In exchange for this the Treasury effectively substituted sterling loans at sterling rates of interest. To the extent that these foreign currencies have been retained by HMG as part of the UK's official reserves there will have been no loss incurred by the Government—but this is a matter for the Treasury.

Gordon Dunlop,
PO Box 10,
Heathrow Airport (London), Hounslow.

Asking too much

From the Group Pensions Executive, Allied-Lyons

Sir,—Eric Short has been one of the few commentators on pensions who has shown an understanding of his subject. In his article "Wanted: a system that will work" (January 8) I believe he asks too much of the pensions expert.

The Secretary of State's blue booklet on personal pensions revealed a hazy politically motivated dream and it is difficult to see how this could be translated into a blueprint of a working model however well-intentioned one might be.

The pensions expert has to live within the restrictions of several organisations as well as the financial constraints of the participating employers and the members.

Yet we do actually already have a system which works. It *has coped with just about every*thing which could be imagined and more since the end of the Great War. It has adjusted, perhaps slowly but always surely. No system will ever be adjudged perfect by everyone but apart from the perceived unfairness to early leavers, there seem to be few complaints. Even the job changer is being taken care of by a whole series of changes: the escalation of guaranteed minimum pensions, the anti-franking law, the Bill requiring escalation of deferred pensions and the potential of the Section 32 buy-out.

Perhaps Mr Fowler's department officials will be forced to *the same conclusions.*

Maurice H. Oldfield,
Denmark Street,
Bristol.

The study of economics

From Mr H. Law

Sir, — Mr Levin (January 2) describes economics as an objective discipline based on rigorous analysis. I agree that it ought to be, but what, then, are we to make of the following statement which appeared in an FT article a couple of years ago? The author was Professor Wynne Godley, Professor of Economics at Cambridge University. "Economics is in a state of great confusion. The *profession is deeply divided.* Far from there being a body of knowledge which is generally accepted, almost every position is extremely contentious. Public discussion of economics has no coherent rationale, and Governments, not, withstanding their emphatic rhetoric, cannot give a credible explanation of how it is that their policies fail to achieve the results they seek."

Economics is the science of the production and distribution of wealth. To describe economics as a science implies that the phenomena which it studies are subject to natural laws, and the aim of the study is to discover these natural laws. Few text books of economics, however, discuss the concept of natural law and many economists would deny that the production and distribution of wealth is governed by natural law.

A problem equally fundamental is that economists are not agreed on a definition of the subject matter of their study, described by the term "wealth." In any of the physical sciences, failure to define its subject matter would be fatal to the study, yet in many textbooks of economics, we find that the term "wealth" is either not defined at all or it is regarded as "anything that has value." This leads to confusion between man-made objects and things which are valuable because they give their owners a claim on the production of others; an example of the latter kind of value is a title to land. *Other basic terms in economics* are equally confused. Land, for instance, is considered, wrongly, as a sub-species of capital.

It would help to put the study of economics on a sounder *footing if the school textbooks* were re-written. Instead of starting in the middle of the subject with topics like Gross National Product and supply/demand curves, they should begin by defining their terms with precision and then go on to consider how wealth is produced and distributed in the real world. Until this is done, the confusion will never be unravelled, and people like Mr Cherrington will continue to call for a new economic theory.

Henry Law,
19, Quens Gardens,
Brighton, Sussex.

Shortage of skills

From the Secretary, Institution of Production Engineers.

Sir,—Mr Hunt (Jan 3) is critical of British industry and pleads for a plan of action to overcome the skills shortage.

It would indeed be very nice to be able to formulate such a plan which would be practical, effective and acceptable to all *concerned—industry, academe,* commerce, government et al—but alas this is not as easy as might be intimated by Mr Hunt.

Indeed, the Finniston committee in its report "Engineering —our future" (Jan 1980) recognised the problem and proposed several recommendations. The Engineering Council was formed as a result of that report and is now working hard to overcome the difficulties being experienced in the engineering industry.

More recently the information technology skills shortages committee under the chairmanship of Mr John Butcher MP issued a report showing the shortages at graduate level and suggesting steps that could be taken by industry and others to meet the shortfall. So there is no dearth of well meaning recommendations.

This institution, in common with many other professional bodies, is constantly endeavouring to attract young people into industry by means of publications, seminars, conferences, local meetings etc. aimed at all levels, but industry itself must be prepared to do a lot more to *ensure its seed corn.*

There is a great reluctance by many managements to invest in training and regrettably, a similar reluctance to recognise the management potential of professional engineers in manufacturing industry. Let there be no doubt, if we as a nation are to prosper, we cannot rely upon North Sea oil and tourism to *balance our trade*, this can only be achieved by a competitive efficient manufacturing industry.

R. J. Miskin,
66, Little Ealing Lane, W.5.

FINANCIAL TIMES
Friday January 11 1985

Broad approval for economic strategy, writes Max Wilkinson in London

OECD attacks UK privatisation policy

THE BRITISH Government's handling of its programme for selling off state assets is sharply criticised today in the latest assessment of the UK economy by the Paris-based Organisation for Economic Co-operation and Development (OECD).

Otherwise, however, the UK Government's economic policies win the broad approval of the OECD, although it points out that inflation stopped falling in 1983 while, contrary to what was expected, unemployment has continued to rise.

It also singles out low profitability, the continued rapid rise in real earnings and high interest rates as "disappointing features" of the British economic scene.

The report shows its sharpest scepticism, however, when analysing the UK Government's privatisation programme. Its main anxiety is that ministers are so keen to raise *large amounts of money from the* sale of big monopolies such as British Telecom and British Airways that they may neglect the need to promote competition and efficiency.

The report raises several questions about the overall benefits of privatisation, although it is careful to avoid taking sides. It concedes that rates of return for nationalised industries have been consistently lower than in the private sector although their prices rose faster than average.

However, it says: "This is not conclusive evidence for the greater efficiency of private as against state concerns."

The OECD says: "The key question is whether a monopoly position in the public sector can be transformed into a competitive position in the private sector." If market dominance persisted free from government controls, it warns that a private monopoly could be "worse or no better" than the public monopoly it replaces.

In the case of British Telecom, it says there will be little additional competition but substantial regulation. For British Airways also, the Government has decided to leave the route monopolies largely in place.

The report says that although this will help to get a good price, "it does not augur well." The Government had been inhibited from breaking up a monopoly for fear of reducing the sale price. The OECD comments in its characteristically oblique way that this "mixture of motives... may have reduced policy effectiveness."

It also advises the UK Government to look closely at ways of promoting the efficiency of the 90 per cent of nationalised industry which will remain in public ownership even after the next four-year phase of disposals.

The OECD is unhappy about the extent to which the UK, in common with other countries, has impeded free trade by imposing or condoning restraints on Japanese car imports. Other policies, including tied aid, export finance, public procurement policies, energy pricing and other devices "which would seem to offer short term benefit," were actually undermining free markets.

The report comments on the UK Government's efforts to reform the labour markets. It says the Employment Acts of 1980 and 1982 and the Trades Union Act of 1984 have together "substantially changed the legal climate in which the industrial relations system operates."

*It says that it is difficult to esti*mate the detailed effects, because the new legislation came in at a time when trade union power was greatly weakened by the effects of the recession.

It says the weakening of the unions has contributed to improved flexibility in working practices but has not had much effect in "imparting any downward flexibility in real wages."

On a wider economic front, the OECD agrees with the British Government that changes in macroeconomic policies (including taxes, spending and interest rate policy) could not do much to reduce unemployment over the medium term.

The Government, it believes, has no option but to continue with the broad thrust of its anti-inflation strategy while doing all it can to oil the wheels of the "supply side" of the economy.

However, it is pessimistic about the outlook for unemployment, which it thinks will remain at 11¾ per cent of a rising labour force at least until the middle of 1986.

Although Mr Nigel Lawson, the Chancellor of the Exchequer, had said that the recent rise in unemployment was a temporary consequence of manufacturing industry's increased competitiveness, the OECD says: "... what is categorised as being temporary may well prove to be much longer term than imagined."

It suggests that ways should be found within the strategy to try to promote employment.

As a shortterm approach, the report seems slightly to favour the idea of using any room for manoeuvre in the next UK budget for spending on infrastructure projects which have "a fairly high employment content."

In the longer term, however, it says the most effective way to cut unemployment would be through a slowing of the growth of labour costs and it says: "Tax cuts would be especially welcome at this stage."

In its forecast, the OECD suggests that the UK recovery will continue for the next 18 months with output growing at an annual rate of about 3 per cent and the inflation rate falling from 5 per cent at the end of this year to 4½ per cent by the middle of 1986.

STERLING fell sharply to another record low on foreign exchange markets yesterday, heightening uncertainty about whether British interest rates will rise, Philip Stephens writes.

The sterling index lost 0.7 points to close at a low-*est ever* 71.6 as a wave of *speculative* selling pushed the pound lower both against the dollar and, more significantly, against other European currencies.

On the money markets interest rates edged higher, while shares on the London Stock Exchange ended their record-breaking run with a slight fall in the FT ordinary index to 982.4.

Against the dollar, sterling closed in London at an all-time low of $1.1335, 0.85 cents down from Wednesday. It fell more sharply against the D-Mark, losing 4 Pfg to end the day at DM 3.5675, below what had been seen as an important psychological barrier of DM 3.60.

The British Government yesterday gave no indication of any shift in its policy of not raising interest rates to defend the pound as long as the money supply remains under control.

***It would clearly be concerned, however, if sterling* continued to fall at such a rapid pace, since that would jeopardise its target for lower inflation by the end of the year.**

At the same time it remains uncertain whether the clearing banks will be able to resist a rise in base rates from the present 9½ to 9¾ per cent if money market rates move much above present levels.

Foreign exchange dealers attributed the fall to continued concern over oil prices – despite some firming in North Sea spot prices yesterday and to the perception that the Government is unwilling to raise interest rates to defend the pound.

Sterling has also been undermined by the underlying strength of the dollar, although the U.S. currency suffered small losses against most other currencies yesterday.

Yesterday the key three-month interbank rate edged up to just over 10 per cent, leaving the present level of base rates uncomfortable but bearable for the banks.

Foreign exchange dealers said, however, that the danger for the Government was that the market's perception that it was unwilling to defend any parti*cular rate for sterling could encourage speculators to push it even lower.*

THE LEX COLUMN

Telecom sets a ringing tone

British Telecom produced its 1984-85 profits forecast with almost eight months of trading under its belt, so even those suitably suspicious of the company's accounting systems were not expecting any surprises with yesterday's interim statement. And sure enough, profits for the half year to September emerged in the mainstream of City forecasts at £684m, a rise of 23 per cent on a consistent accounting basis.

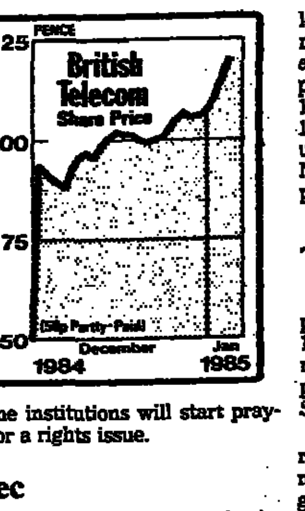
But, with the institutions still painfully short of stock, no news remains good news for BT equity, and the share price duly added another 5p to finish at 120p, equivalent to exactly 200p in fully-paid form and giving a market capitalisation of £12bn. Not bad for a newcomer.

The standard of disclosure, however, has scarcely improved since the dark old days of government ownership. News that people spent £2bn on telephone calls in the six months will be of more interest to the Guinness Book of Records than to shareholders trying to figure out how their company makes so much money.

But make money it undoubtedly does. Net cash flow totalled £238m over the period, and, with no tax payable until the beginning of 1987, *BT is for the moment a real cash* machine. The delays in the System X programme, which will absorb barely any fixed capital in the current year, may be storing up spending for the future, but the company is holding to its full-year expenditure forecast of £1.8bn, so it looks as if other outlays – for example, on computers – have been brought forward to compensate.

Staff costs have risen at a slightly faster underlying rate than inflation over the six months while total costs have on the same basis almost kept pace with sales growth. But this apparently poor performance partly reflects the lag between wage and tariff increases; and there is certainly nothing wrong with either the overall traffic figures or the improvement in receiver usage.

For the full year, BT should be capable of between £1.45bn and £1.5bn pre-tax, with £1.8bn on the cards for 1985-86. After a 38 per cent tax charge for the current year, the prospective multiple works out to around 13 times, which is not exactly extravagant but nudges BT out of the utility category and into the growth department. If this carries on, the institutions will start praying for a rights issue.



Opec

Whatever the poorer countries in Opec do, they may be headed for a considerable financial upheaval in the next year. Last year, they exhausted their accumulated current account surpluses and the ratio of their foreign exchange reserves to imports is now well below its 1973 level, when the oil crisis bailed them out.

Now, however, there seems little prospect of the Opec market price rising. Without that, according to Graham Bishop of Salomon Brothers, *they have four options. Since* they cannot borrow enough externally to finance their deficits they will have to cut back drastically on imports, cheat on prices or output, fail to service their debt properly, or try to inveigle large grants from richer Opec nations or other developed countries.

On these options, the countries have no more than a Hobson's choice. Halving imports is all very well in the short term, but hard to sustain both politically and economically for much longer. They have already been cheating on oil prices and production, with the burden of *output cuts being taken on by rich*er members like Saudi Arabia, but sooner or later it will not be worth the richer members' while propping up the poorer ones.

In the absence of generous grants from other countries or a burst of OECD growth which would increase demand for oil, the poorer Opec members must be looking forlornly at their debt servicing. Their creditors should be even more worried.

Meanwhile, the richer Opec nations, having run down their cash to finance their own deficits, are now left with portfolios skewed towards much less liquid assets. Loans, gold *and equities made up more than* 70 per cent of Opec's net assets in 1983, compared with 55 per cent in 1980. If they decide to sell more equities and move back to T-Bills, the New York markets could be in for a period of heavy disruption.

Thorn EMI

Thorn EMI has not exactly pampered the City of London in the past 12 months; and yesterday's announcement of a 28 per cent fall in pre-tax profits for the half-year to September was no sort of apology.

While the Inmos acquisition, carried through last July with consummate bad timing, put in £2.6m to group pre-interest profits on a single month's trading, it is unlikely quite to make the £10m on the year (after minorities) which would prevent a small dilution of earnings per share.

Ferguson will be doing well to make even the smallest contribution, however, and Thorn EMI is far from swearing to an increase on last year's pre-tax profit of £157m.

For all the natural sympathy for the last UK manufacturer of televisions and video-cassette recorders, Ferguson will continue to be plagued by overcapacity, even if the painfully high stock levels are down – and with them an interest charge which absorbed more than a third of operating profits in the first half.

The decision to seek a price rise for videos next month has a sort of desperate panache, but there must be doubts whether it can stick in a shrinking market, which hardly suggests much to hope for from Ferguson next year.

If there is a purpose in retaining Ferguson it can only be as a support for the rental business, rather than vice versa. This may sound unglamorous, but rental will this year start generating cash of a bit less than £20m, which is peculiarly fortunate given the cash needs of other parts of the group, above all Inmos.

Here, there is a little uncertainty because margins next year on established systems are likely to be chipped with the arrival of the 256K dynamic ram. There are growth prospects elsewhere in the group, in information technology and defence electronics. The share price, which fell 10p yesterday to 465p, suggests a less high-tech projective p/e of 10 or less.

West Germany doubles growth rate to 2.6% despite strike

BY RUPERT CORNWELL IN BONN

THE WEST GERMAN economy, the largest in Europe, exactly doubled its real growth rate to 2.6 per cent in 1984, according to official provisional figures released yesterday.

The news from the Federal Statistics Office bears out forecasts that despite the after – effects of the seven-week strike in the engineering industry last summer, West Germany built on the recovery that began with a 1.3 per cent expansion in 1983.

In nominal terms gross domestic product climbed 4.6 per cent to DM 1,746bn ($550bn) *last year, thanks* above all to a surge in exports, which jumped by 7.4 per cent, easily outstripping imports, which rose 5.5 per cent in real terms.

By contrast public sector consumption, in line with the tight budgetary policy operated by the centre-right coalition in Bonn, rose 1.9 per cent, and private consumption only 0.8 per cent.

Inflation was almost equally low. According to the Statistics Office prices rose by an average of 2.4 per cent last year, the best annual performance since 1969 and better than that of any other industrial country in 1984.

The slow but steady progress being achieved by companies in rebuilding their profit base was underlined by a 9.5 per cent gain in gross corporate income in 1984, against a rise of only 3 per cent in gross earnings of employees.

For the current year most analysts predict further economic growth of about 3 per cent, coupled with low inflation, a recovery in investments and a continuing strong performance by exporters.

Meanwhile, the West German steel makers boosted output last year by 10 per cent. The rise, to 39.4m tonnes of crude steel, was the first by the industry for five years, and achieved despite the metalworkers' strike.

Japanese taste for foreign cars grows

BY JUREK MARTIN, FAR EAST EDITOR, IN TOKYO

FOREIGN CAR sales in Japan, hitherto a backwater of trade friction, grew last year for the first time in five years.

The increase of 19 per cent to 41,982 vehicles from 35,286, does not include 17,410 Volkswagen Santanas made in a co-production venture by Nissan near Tokyo but marketed since its introduction last February as a West German car.

The overall volume of foreign car sales, still short of the 60,000 peak reached in 1979, hardly constitutes a threat to the domestic hegemony of the Japanese makers. They man*aged to sell 5.43m units at home last* year, which was a record although up only 1 per cent on the previous year.

The growth in imports and the fact that this was very much concentrated in the more expensive and mostly West German models is another indication of Japanese consumer affluence and the national taste for prestige foreign commodities.

Industry analysts have forecast that imported sales could reach 50,000 this year. Several foreign manufacturers plan to introduce new models to the Japanese mar*ket, which was made slightly more* accessible by a modest relaxation in testing and certification procedures last year.

If last year's improvement proves anything, it is that the Japanese are also susceptible to aggressive and skilful marketing campaigns. Audi, BMW and Mercedes, in particular, found themselves engaged, as foreigners, in some stiff and competitive advertising battles. All of them achieved substantial sales gains.

West German models accounted for about 80 per cent, or 32,634, of all imported vehicles sold in Japan, up 21.8 per cent on 1983.

Volkswagen, remained the overall market leader, although by a much narrower margin – the 10,239 cars sold represented a 5.9 per cent increase. Overtaking Mercedes in VW's slipstream was BMW (8,854 cars, up 40.6 per cent), with the former number two slipping to third despite a 13.2 per cent rise in sales to 7,488 units. Audi was still fourth but, with 5,372 vehicles sold, recorded the biggest increase of the major marques, up 50.8 per cent.

Volumes were smaller, but the largest national advance was registered by Italian cars, up 32.2 per cent to 2,242 units. French sales rose 23.9 per cent to 871 units, Swedish sales, in the shape of Volvo, rose 19.8 per cent to 1,490, and British were up 2.7 per cent to 2,269.

U.S. sales, however, fell 10 per cent to 2,382 vehicles, which will doubtless compound Washington's discontent with Japan.

Sweden will maintain tight rein on economy

Continued from Page 1

central government's budget has been cut from SKr 86.6bn in 1982-83, equivalent to 13.1 per cent of GNP, to an estimated SKr 63.5bn, or 7.2 per cent of GNP, in the com*ing fiscal year 1985-86.*

Interest payments on state debt are now the second largest item in the budget at a forecast SKr 71.2bn, up from SKr 48.2bn in 1982-83. Interest payments account for 21.9 per cent of the 1985-86 budget, larger than the total projected deficit and exceeded only by social services department spending.

The Government has come under heavy attack from the opposition for failing to make deeper cuts in public expenditure. Mr Ulf Adelsohn, leader of the Conservative Party, recently promised to introduce an immediate package of spending cuts if the non-Socialist parties are returned to power in the general election next September.

The 1985-86 budget expects income to total about SKr 256.8bn, compared with SKr 251.1bn in 1984-85 and SKr 221bn in 1983-84.

Public expenditure, excluding interest payments, is forecast to be slightly less than income in 1985-86 at SKr 249bn, but interest payments, which have now risen to more than SKr 70bn a year, still push the budget heavily into deficit.

After a package of tax increases in the autumn only one tax is raised in the budget – the tax on advertising to pay for increased subsidies to *newspapers – and taxes are expect*ed to remain "practically stagnant"

Foreign aid, in response to protests at last autumn's party conference, has been restored to a level equivalent to 1 per cent of GNP.

Growth in the Swedish economy is expected to be slightly above 2 per cent in 1985, with the export boom of the last two years weakening. GDP is expected to rise by 2.1 per cent, compared with 2.8 per cent in 1984, with exports growing by 3.6 per cent in volume, compared with 7.2 per cent in 1984.

Industrial production is expected to increase by 4 per cent this year, and the Government is still holding resolutely to its target of cutting inflation to 3 per cent by the end of the year from the current level of nearly 8 per cent.

Much depends on the crucial national wage talks. Leaders of the blue collar workers' trades unions are due to meet again today to try to agree claims for improved sickness benefits, the issue that led to a breakdown in negotiations shortly before Christmas.

Fabius 'will not relax policy to win votes'

Continued from Page 1

ready made in bringing down inflation, improving the current account balance and strengthening companies' financial positions.

M Fabius's remarks came as Insee revealed that French gross domestic product grew by 0.8 per cent in the fourth quarter of 1984. M Pierre Berégovoy, Finance Minister, said on Wednesday that he expected the economy to have expanded by 1.8 to 1.9 per cent in real terms in 1984 – thus avoiding the quasi-stagnation that had been previously expected as a result of restrictive policies.

U.S. 'addicted' to foreign capital

Continued from Page 1

benefits (mainly pensions), if he was faced with a "possible congressional mandate" in favour of freezing cost-of-living increases for the system's beneficiaries.

He deftly pointed out that when he made his pledge he had never specifically mentioned cost-of living increases, promising only not to reduce payments and benefits.

The Democrats, however, replied yesterday that far from helping him off the hook on his promise, they intended to see that he kept it. Mr Jim Wright, the House Democratic leader, said that the Democrat-controlled House would have no part in providing Mr Reagan with a congressional mandate to tamper with social security.

Republicans in the Senate, who are working on their own deficit reduction plan, have suggested that a year delay in cost-of-living adjustments could save about $6bn in the coming 1986 fiscal year, which begins on October 1, and a total of $22bn over three years.

East Germans fall prey to car sales conmen

BY LESLIE COLITT IN EAST BERLIN

CONFIDENCE tricksters in East Germany are exploiting a waiting time of more than 10 years for purchase of a new car to promise citi*zens quick delivery of cars which* later prove to be non-existent.

A sharp fall in the number of Lada and Skoda cars delivered to East Germany by the Soviet Union and Czechoslowakia – which prefer to sell them to the West – and problems in increasing domestic car production have given a boost to the racket.

The latest swindler to be exposed was a 71-year-old pensioner from Magdeburg and his wife, who have pocketed nearly OM 3m ($1m) since 1980 from gullible East Germans. They promised delivery of a new Trabant or Wartburg car within eight weeks and collected the full price of the two and three-cylinder cars – OM 12,000 or DM 26,000.

The East German newspaper Neue Zeit said yesterday the couple, who were recently sentenced to 17 years and seven years in prison respectively, had used up all but OM 100,000 of the OM 2.9m they collected from 254 victims.

East German newspapers occasionally warn of confidence tricksters who find it astonishingly easy to extract large sums of money from citizens desperate for a new car. What they do not report, however, is that tens of thousands of East Germans earn enormous – and *legal – profits by reselling their own* cars.

A new Wartburg sold within a year of its purchase can earn the *seller OM 10,000 profit.* Even seven-year-old cars in East Germany are sold for virtually what they cost when new because of the increasing shortage of vehicles. Hardly any car lands on a dump in East Germany, but is instead lovingly rebuilt until little remains of the original vehicle.

The most common juvenile crime is to steal a car for a brief joy ride, which ends in swift apprehension by the police. Normally law-abiding East Germans are driven to steal parts from park cars at night because of the acute shortage of spare parts.

East Germans own the largest number of cars in Eastern Europe, 3.2m or about 43 cars per 100 households. The country's two car plants turned out only 194,000 vehicles last year, however, and exported about 75,000 to other Comecon countries. Moscow, which delivered 34,000 cars to East Germany in 1980, slashed sales to about 6,000 last year.

A contract with Volkswagen to build VW engines under licence in East Germany will bring some relief to East Germans as they will gradually replace the old Trabant and Wartburg two-stroke engines which are both fuel guzzlers and major polluters.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	–	–	–	Dubrovnik	Sn	0	32	Malaga	S	12	54	Salzburg	S	-12	10
Alvor	F	18	64	Faro	S	11	52	Malta	–	–	–	Seoul	F	-4	25
Algiers	S	10	50	Florence	S	-3	27	Manila	S	30	86	Singapore	F	30	86
Amsterdam	S	-4	25	Frankfurt	F	-7	19	Miami	S	10	50	Stockholm	Sn	-6	21
Athens	F	13	55	Funchal	F	16	61	Milan	Fg	-7	19	Strasbourg	C	-7	19
Bahrain	S	18	64	Geneva	F	-7	19	Moscow	C	-11	12	Sydney	S	25	77
Bangkok	S	33	91	Gibraltar	F	13	55	Munich	S	-9	16	Taipei	R	13	55
Barcelona	S	5	41	Guernsey	S	5	41	Nairobi	S	25	77	Tangier	F	13	55
Beirut	F	22	72	Helsinki	Sn	-14	7	Naples	S	1	34	Tehran	–	–	–
Belgrade	F	-11	12	H. Kong	C	12	54	New Delhi	S	18	64	Tel Aviv	C	21	71
Berlin	C	-7	19	Innsbruck	S	-12	10	New York	F	-8	18	Tenerife	–	–	–
Biarritz	C	3	37	Inverness	C	2	36	Nice	S	2	36	Tokyo	S	11	52
Blackpool	C	3	37	Istanbul	–	–	–	Oporto	S	9	48	Toronto	C	-11	12
Bordeaux	Fg	-3	27	Jersey	S	4	39	Oslo	S	-3	27	Tunis	S	9	48
Brussels	C	-4	25	Jo'burg	S	25	77	Paris	S	-5	23	Valencia	S	9	48
Budapest	Sn	-7	19	Las Palmas	S	21	70	Prague	S	-13	9	Venice	S	-2	28
B. Aires	S	35	95	Lima	S	26	79	Reykjavik	C	6	43	Vienna	S	-7	19
Cairo	C	26	79	Lisbon	S	6	43	Rio de J'o	C	26	79	Warsaw	S	-12	10
Cape Town	S	29	84	Locarno	S	-1	30	Rome	C	0	32	Zurich	S	-12	10
Caracas	C	27	81	London	C	3	37								
Casablanca	C	14	57	Los Angeles	R	11	52								
Copenhagen	F	-3	27	Luxembourg	C	-9	16								
Corfu	S	9	48	Madrid	S	3	37								
Dublin	C	5	41	Majorca	S	10	50								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Friday January 11 1985

U.S. BANK RESULTS EXPECTED TO BE PATCHY

Chemical rises 20% to $341m

BY PAUL TAYLOR IN NEW YORK

CHEMICAL New York, the first of the large U.S. money centre banking groups to report its 1984 full year and fourth-quarter earnings, yesterday reported an 11.5 per cent rise in fourth-quarter net earnings and a 19.7 per cent increase in full year net income.

Chemical, the sixth largest U.S. banking group, said fourth-quarter earnings increased to $105.5m or $2.03 a share from $88.1 or $1.75 a share in the 1983 period, while full year net earnings grew to $340.8m or $6.48 a share from $305.6m or $6.33 a share.

On a fully diluted basis per share earnings increased from $1.66 a share to $1.96 a share in the quarter and from $6.02 a share to $6.26 a share in the full year.

The New York-based banking group's results mark the start of the hectic fourth-quarter results period for the U.S. banking sector and industry as a whole.

After a traumatic year, which saw the near collapse of Continental Illinois and a record number of U.S. bank failures, the fourth-quarter and full year bank results are keenly awaited.

Generally, although the results are expected to be patchy with some banks, particularly those serving the energy and agricultural sectors showing earnings declines and some banks posting losses under the regulator's pressure to increase reserves and bolster capital ratios. Wall Street expects earnings at most banks to show an improvement over the 1983 period and over the 1984 third quarter.

This reflects an above average spread during the latest quarter between bank borrowing costs and the prime rate – despite a series of prime rate cuts since September – producing higher interest rate margins, good asset growth at many regional banks, excellent bond trading results spurred by the late 1984 credit market rally and improved interest payments from some troubled less developed country borrowers, particularly Argentina.

Chemical Bank attributed its higher 1984 earnings to improvements in net interest income and service fees as well as substantial gains on sales of investment securities and profits from foreign exchange trading.

Earnings in the fourth quarter also reflected sharply higher profits on trading account activities and a decline in the quarterly provision for loan losses.

The banking group, said, however, that both its latest quarter and full year results included higher non-interest expense and added that the year as a whole showed lower trading account profits.

Chemical added that the credit card business acquired in April from Continental Illinois for $176m did not have a significant impact on net income

● Bank of New York, the 26th largest U.S. banking group, said fourth-quarter net earnings increased by 21 per cent to $28.45m or $1.67 a share from $23.49m or $1.44 a share a year earlier. Full year net earnings increased by 18.7 per cent to $107.5m or $6.40 a share from $90.61m or $5.70 a share.

The bank said its improved earnings reflected continued strong growth in loan volume, substantial gains in non-interest income, including $24m in capital gains from the sale of branches, and lower income tax expense.

Thyssen unit in profit

BY OUR BONN CORRESPONDENT

A STRONG recovery in the West German and major special steel export markets has helped the Thyssen group's special steels division, Thyssen Edelstahlwerke, bounce back into profit after two loss-making years.

Edelstahlwerke said yesterday it had made a DM 47.8m ($15.1m) net profit for 1983-84 after losing DM 94m the year before. The division's chairman, Professor Karlheinz Rösener, said incoming orders for the first quarter of the current year were 11 per cent higher than the same time last year and he expected 1984-85 turnover to improve on last year's DM 3.2bn worldwide.

West German special steel production rose 26.3 per cent in 1983-84, to 8.5m tonnes, easily outstripping the 15.5 per cent growth in total raw steel output.

As with most other local steel producers, however, and indeed, large tracts of German manufacturing industry, much of the recovery can be put down to increased sales in the U.S. and the added dollar exchange rate bonus.

Ciba takes write-off

BY JOHN WICKS IN ZURICH

CIBA-GEIGY, the Swiss chemicals group, will take a SwFr 290m ($109.4m) charge against profits for 1984 following the abandonment of a West German joint venture.

The group still expects net profits to emerge ahead of the SwFr 776m of 1983, however. Last week, Ciba forecast that profits progress for 1984 would be striking.

Substantial losses by Schelde Chemie will leave Ciba, and Bayer, its partner in the joint venture, with a write-off each of DM 230m ($72.7m) plus a 1985 operating loss of DM 120m.

The extent of the Schelde Chemie loss first became clear last May. The plant was built at a cost of DM 1bn for the production of intermediates for the two partners and for sale to other users.

Its losses resulted partly from a large-scale fire in February, 1983, in the plant for anthraquinone, a dyestuffs intermediate. Subsequently, this plant had to be closed owing to lack of demand.

Philips faces Loewe Opta probe

By Jonathan Carr in Frankfurt

WEST GERMAN authorities are probing whether Philips of Holland at any time held a majority stake in the German television set producer Loewe Opta, but failed to report this to the cartel office.

The office in West Berlin said yesterday that representatives of the Dutch electricals concern and cartel officials would meet on January 21 to discuss the issue.

The question of Philips' stake in Loewe Opta – 1984 turnover around DM 300m ($94.9m) – last arose about a year ago in connection with Philips' moves to take management control of Grundig.

At that time Philips pledged to give up its holding, which it said was 15 per cent, in Loewe Opta – thus fulfilling one cartel office condition for allowing the Philips-Grundig deal to proceed.

Recent reports in the Dutch press have suggested that Philips long held a majority in Loewe Opta, but the cartel office says it has no record of such a holding.

Under German law, such a majority stake would have had to have been reported – even if it were acquired before 1973 when new German merger control rules came into force.

One point the cartel office will want to clarify – if Philips agrees it did once hold the majority – is what happened to the stake when the Dutch concern relinquished it.

If it is proved that a majority stake was not reported, Philips could be liable to a fine of DM 50,000. But the law also allows that the fine may lapse, if the contravention is uncovered more than three years after it was committed.

● Philips said it has more than realised its target of 1984 profit of Fl 1bn ($280.9m) and sales of Fl 50bn, Reuter reports from Eindhoven.

This compares with a profit of Fl 647m and a turnover of Fl 46.18bn in 1983.

Hoechst increases interest in Rosenthal Technik

BY JOHN DAVIES IN FRANKFURT

HOECHST, the West German chemical group, is lifting its stake in Rosenthal Technik by putting in DM 90m ($28.5m) of new funds, basically to finance an investment programme in the growth area of technical ceramics.

The move gives Hoechst an increased stake of 89.2 per cent in Rosenthal Technik, which is being renamed Hoechst CeramTec. The Rosenthal porcelain, glass and furniture group retains a 10.8 per cent stake.

Rosenthal brought in Hoechst as a dominant partner because the business needs heavy investment to take full advantage of the prospects for technical ceramics.

Technological developments have been opening up a wide range of new markets for such ceramics, including use in engines, machine building, electrical and electronic parts, and medical aids, such as artificial hip joints.

Under a deal announced last June, Hoechst was to have taken a stake of 75.01 per cent in Rosenthal Technik from the beginning of this year for an undisclosed price.

In the further move, however, Rosenthal Technik has increased its capital by a nominal DM 30m to DM 55m and Hoechst is paying DM 90m for the extra shares, thus subscribing to the capital increase at the rate of 300 per cent.

The technical ceramic company plans to boost investment in West Germany and abroad to DM 43.8m this year, as part of a heavy investment programme aimed at increasing production capacity and removing bottlenecks.

This amounts to a much faster investment tempo at the company, which invested an average of only DM 12m in the 10 years to the end of 1983.

Sales revenue has also been picking up rapidly. Although final figures have not yet been disclosed, sales are believed to have reached about DM 230m last year, against DM 191m in 1983.

Hoechst sees its involvement in technical ceramics as part of its strategy of developing new speciality interests in areas with growth potential.

As part of Rosenthal Technik's reorientation, AEG-Telefunken, the West German electrical group, has sold Hoechst the 1.2 per cent stake which it had held in the technical ceramic company.

W. German banks take stakes in MBB

By Peter Bruce in Bonn

TWO BANKS have for the first time taken important stakes in Messerschmitt - Bölkow - Blohm (MBB), West Germany's large aerospace business.

Dresdner Bank and the Bayerische Vereinsbank are believed to have paid DM 60m ($18.9m) each for a combined stake of 10 per cent in MBB. It is also understood that a third bank is interested in buying into MBB, and that the three would then form an inner consortium designed to help the aircraft and missiles group cope with the expense of securing new high-technology business.

Dresdner and the Bayerische Vereinsbank bought their share from Thyssen, Siemens, Robert Bosch and Allianz, each of which surrendered 2.5 per cent of MBB after declining to take part in an exercise which raised MBB's nominal capital from DM 378m to DM 600m in November.

The sellers still remain directly and indirectly linked to MBB through small holding groups, similar to the one understood to be planned by the banks.

Although Thyssen, Siemens, Bosch and Allianz are thought to have been paid double the nominal value of the shares they sold, observers said the banks had been happy to pay up because they believed MBB was poised to make major advances in obtaining new business.

Bavarian-based MBB was earlier this week awarded a DM 1.1bn contract to deliver 10 fast minesweepers to the German navy and stands to take, jointly with the French, the major slice of business if Pan American goes through with its deal involving up to 91 European Airbus aircraft.

Pan Am has signed leases on 12 aircraft with the Airbus Industrie consortium and negotiations over financing the sale of the rest have begun.

Ford lifts dividend

BY TERRY BYLAND IN NEW YORK

FORD MOTOR is increasing its dividend from 40 cents to 50 cents a share for the first quarter of 1985, on the back of the sales Bonanza currently enjoyed by the Detroit carmakers.

Ford last increased its dividend by 10 cents in the 1984 June quarter, and also added a bonus 50 cents on to the payout for the final quarter of the year.

Ford is expected to report within the fortnight a significant increase in profits for the final quarter of last year.

With sales of the U.S. car industry running at an annual rate of about 8m units, or 14 per cent up on 1983, Ford planned to increase its own production by 17 per cent

Both General Motors and Chrysler also increased dividend payouts last year. Ford has additionally benefited in the final quarter from a substantial increase in investment income from its financing subsidiary.

However, annual profits for 1984 may show a slight dip as the company introduces new products,

Security Pacific deal called off

By Our New York Staff

SECURITY PACIFIC, the fast expanding West Coast banking group, has pulled out of an agreement to acquire Duff & Phelps, the Chicago-based U.S. credit rating, investment research, financial advisory and management services group.

The decision follows a ruling by the U.S. Federal reserve board last month which approved the acquisition on the condition that Security Pacific shed Duff & Phelps' credit rating business.

The Fed said then that "it would be particularly unwise to establish a precedent" allowing a major lender to be affiliated with a credit rating agency. After the Fed's decision, Security Pacific said it would study the ruling and consider its options.

The two companies announced the cancellation of the deal in a brief joint statement and gave no official reason for the decision.

It is understood, however, that Security Pacific, which has been expanding rapidly into the securities business, was primarily interested in the credit rating activities of Duff & Phelps, rather than Duff & Phelps other main activities which the Los Angeles-based banking group already provides through other subsidiaries.

The cancellation of the deal, first announced in January last year and valued at about $35m, represents the first time Security Pacific has been forced by bank regulators to back away from its hitherto rapid expansion into the non-banking financial services sector.

Osborne to come out of Chapter 11

By Our Financial Staff

OSBORNE COMPUTER, the California-based portable personal computer maker which sought protection from its creditors in September 1983, has announced that it will come out of Chapter 11 protection on January 18.

This follows approval by the Bankruptcy Court of the Northern District of California.

The company said the move would clear the last legal obstacle to concluding its current limited public offering of $3m to California residents and overseas investors. It plans to close the offer within 30 days.

The computer maker, founded in 1981, announced its plan to offer shares in August last year, while still in Chapter 11.

At the time of its collapse it had debts of $45m. The court approved a plan for repayment of $15.5m in cash – which has been made – to its secured creditors and for unsecured creditors to receive 20 per cent of the stock of the new company.

INTERNATIONAL COMPANIES and FINANCE

Deak-Perera travel agency to be sold

HONG KONG — Hong Kong's Registrar-General has authorised the sale of a travel agency controlled by Deak-Perera Far East to a senior official of the company. The purchase price was not disclosed.

The registrar's office is acting as provisional liquidator of the company under a petition by Sir John Bremridge, the colony's Financial Secretary, asking that Deak-Perera Far East be wound up. The colony's Supreme Court will hear the petition on February 4 and, if liquidation is approved, the company formally will be sold off to pay its creditors.

Mr Noel M. Gleeson, the Registrar General, yesterday confirmed reports that an agreement had been reached to sell Compass Travel to Mr David Mok, a vice-president of Deak-Perera Far East.

Earlier this week, a lawyer and an accountant for the Deak companies said that at least three concerns were interested in buying some of the Deak group's local operations, all of which have been shut since early December, when their primary U.S. affiliates filed for court protection to reorganise under the U.S. bankruptcy code.

In Hong Kong, the Deak group ran Deak-Perera Far East, a finance house which specialised in foreign exchange and precious metals dealing and acted as a deposit-taking agent for affiliates overseas; Deak-Perera Finance, a registered deposit-taking company; and Compass Travel.

Since the companies shut down, authorities in Hong Kong and Macao, where Deak ran a money changing operation, have accused the companies of improperly taking deposits. As much as U.S.$30m was lost to depositors when the companies closed.

Last week, the Hong Kong Government revoked the registration of Deak-Perera Finance and, early this week, a Macao court approved the liquidation of Deak and Company Macao, the money changer.

AP-DJ

Cerebos Pacific in bid for Singapore Pizza Hut

BY CHRIS SHERWELL IN SINGAPORE

CEREBOS Pacific, the Singapore-based Asian arm of Ranks Hovis McDougall of Britain, is negotiating to purchase the franchised Pizza Hut restaurant business owned by Brunei-based QAF, formerly Ben and Co.

The purchase which is expected to cost Cerebos Pacific up to S$1.7m (US$773.000), represents the company's first move into Singapore's fast-food business.

Ben and Co used to be a publicly traded subsidiary of Straits Steamship, which was taken over in 1983 by the state-controlled Keppel Shipyard. Last year agreement was reached between Ben and Steamers on the one hand and QAF Holdings on the other on a reverse takeover.

This gave QAF, which is closely connected to Brunei's royal family, a public quotation on the Singapore and Kuala Lumpur stock exchanges. The sale of the Pizza Hut operation, which has not been highly profitable, is the first major corporate move by the new company and reflects the fact that the business does not fit in with its other interests, which cover offshore activity, shipping, manufacturing and construction.

Agreement involving Cerebos, QAF and Pizza Hut Inc of the U.S. is expected to be signed shortly. The cost, to be paid in cash, will make only a tiny dent in Cerebos's estimated cash balances of S$30m.

The Pizza Hut business currently consists of five outlets. But the move does not represent a radical departure for Cerebos Pacific whose parent in Britain operates one of the biggest fish and chip businesses in the UK.

Bond given Harriet oilfield go-ahead

By Michael Thompson-Noel in Sydney

THE STATE Government of Western Australia yesterday gave the go-ahead for the development of the Harriet oilfield, in which Mr Alan Bond's Perth-based Bond Corporation and Bond Oil have almost 63 per cent.

Harriet is not big. Using normal production methods, recoverable reserves are thought to be about 20m barrels. But it will be the state's first offshore field to reach production.

This is without counting the A$11.2bn (U.S.$9.1bn) North-West Shelf natural gas project, off Dampier, which is currently producing about 4,000 barrels a day (b/d) of condensate, as well as huge quantities of natural gas.

Harriet—10 miles north-east of the Barrow Island oilfields—is expected to produce between 8,000 and 8,500 b/d.

Mr Bond and his partners have spent A$123m on 16 exploration wells in the area since late 1981. Two other discoveries, Lenita and Bambra, could be linked into Harriet's production facilities—expected to cost A$76m—later this decade.

Bond Corporation said a small fixed production platform was likely to be used, with the oil piped to storage facilities nearby. First production was expected in February 1986.

"Hopefully, in light of other promising discoveries in the north of the state, Harriet will be only the first of many such ventures," said Mr David Parker, Western Australia's Minister for Minerals and Energy.

Dorbyl buys engineer units from Reunert

By Anthony Robinson in Johannesburg

REUNERT, the engineering and electronics subsidiary of the Barlow Rand group, has sold off two of its heavy engineering divisions to Dorbyl for R39.7m ($18.6m) in cash and shares in a move which will emphasise the electronics vocation of Reunert and facilitate rationalisation moves in the South African heavy engineering industry.

Under the deal Dorbyl acquires with effect from October 1 last year the two Reunert subsidiary companies, Barlows Engineering Holdings, a heavy engineering and coal mining equipment division, and Barlows Railway and Engineering Products, which manufacturers locomotives and rolling stock.

Payment is R20m in cash plus R19.6m in preference shares in Dorbyl Heavy Engineering redeemable on December 31 1987.

The disposal reflects Reunert's decision to concentrate on its fast growing electronics and electrical engineering interests.

For Dorbyl the aquisition will allow rationalisation in sectors currently suffering from substantial overcapacity and with declining prospects in the short term.

Sabic boosted by strong iron and fertiliser sales

BY OUR FINANCIAL STAFF

SABIC, the Saudi Arabia industrial group, has announced that its producing affiliates have achieved a sales turnover of more than SR1.7bn (U.S.$475m) in 1984.

More than 2.7m tonnes of product were sold with some affiliates having actually operated at above their respective design capacities, said Mr Ibrahim Abdullah Salamah, vice-chairman and managing director of Sauli Basic Industries Coropration (Sabic).

Mr Salamah said that Sabic's iran and steel plants had produced 842,00 tonnes during 1984, of which 820,000 tonnes wereconsumed locally to meet the growing requirements of the domestic building sector and construction development throughout the Kingdom. These plants have achieved a sales turnover of around SR800m.

Mr Salamah also pointed out the significant contribution made by Sabic's fertiliser products to the ambitious agricultural programmes inside the Kingdom. He indicated that SEamad and Safco had operated at above their respective design capacities so that they could market about 180,000 tonnes locally and export more than 700,000 tonnes outside the Kingdom. Their turnover exceeded SR 500m.

Satisfaction was expressed by Mr Salamah with the efforts exerted by Sabic in producing methanol and marketing it worldwide. Actual productoin by the AR-Razi adn IBN-Sina complexes had exceeded their respective design capacities. They achieved sales about SR 370m.

Mr Salamah declared that Sabisc a dnSaudi industry generally look forward hopefully to the period between 1985 and 1986 when all existing affiliates of Sabic wil come oostream. Sabic would be entering the markets with its full productoin capacity so that its economic and social benefits and returns wil be complete and comprehensive, he added.

Sime agrees insurance merger

KUALA LUMPUR — Sime Darby has agreed to merge its insurance interests in Malaysia and Asia with those of the East West Group of companies.

Sime said it will transfer its wholly owned subsidiary, United Malaysian Insurance Company, to East West Insurance (EWIB) and simultaneously inject 9m ringgit (U.S.$3.6m) cash into EWIB. In return Sime will receive 30.6m EWIB one ringgit shares, 50 per cent of EWIB's enlarged issued capital of 61.2m ringgit.

EWIB produced a gross premium of 42m ringgit in 1983 and with shareholders' funds in excess of 60m ringgit, the enlarged EWIB will be among South-East Asia's largest insurance companies.

Sime also announced that its wholly owned subsidiary, Sime Darby Insurance Holdings Pte (SDIH), will acquire the entire paid up capital of East West Insurance Corporation and Red Shield Company Pte and a 70 per cent interest in Equatorial Reinsurance Company through an issue of about 10.8m new SDIH shares of S$1 each.

SDIH will also acquire certain of Sime's other insurance interests including United Singapore Insurance Pte, United Malayan Insurance (HK), and The Safety Insurance Company of Thailand by issuing another 11.8m new shares.

Sime said SDIH, which is to be renamed Sime Shield Investment Holdings Pte, will then be engaged in the general accident and medical insurance and reinsurance businesses in Singapore, Hong Kong and Thailand.

On completion of the transaction SDIH paid up capital will increase to S$32m (U.S.$14.6m) from S$9.4m, of which 50 per cent will be owned by Sime.

Reuter

India sets up textiles inquiry

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

INDIA HAS set up a 14-man committee to investigate its problem-beset textile industry, which employs 9m people—the second largest in the world after China.

The committee, which largely consists of government officials, will be headed by Mr Harbans Singh, the Textile Commissioner. It has been asked to come up with recommendations by next spring on how the industry might be improved.

The trouble with the Indian industry is that the composite mills (what in the West would be called vertically-integrated concerns) are struggling for existence, the powerloom sector is so inefficient, because it has little new machinery, that its products have difficulty in competing on world markets, and the handloom sector, which is largely based in the villages, can only compete within the cheap Indian markets.

The composite sector, which has a number of efficient companies, such as Reliance Textiles and Khatau Mills, has been badly hit in recent years by a 15-month strike lasting into spring 1983 and Hindu-Moslem riots in Bombay, the largest production centre, earlier this year.

The powerloom sector, which exists by using second-hand, cannibalised machinery from other plants, is hamstrung by the Government's unwillingness to allow it to expand the number of looms installed.

Production in the composite mills has been falling for some time and in the first eight months of last year output of cotton cloth dropped by 3 per cent to 1.75bn metres. At the same time, stocks rose from 303m to 314m metres.

The committee has been asked to:

- Review the structure of the industry, particularly to see whether the three sectors might be integrated.
- Suggest ways in which modernisation might be introduced.
- Review the system of controls, which many claim to be overbearing.
- Study how modernisation might be financed.
- Suggest specific roles for the different fibres.

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INTERNATIONAL COMPANIES and FINANCE

World shipping faces another bleak year. **Andrew Fisher** reports

More shipowners nearing the rocks

NO-ONE in the shipping world thought 1985 was going to usher in a new golden era for the industry. But a couple of years or so back, many reckoned that an upswing in freight rates and earnings would have been under way now.

Instead, more and more companies are floundering. Awash with debt and with far more ships than are needed to carry cargoes on most routes, shipowners are wondering how they or their rivals will even survive.

This week saw the Zim company of Israel put the extent of its debts at more than $500m and state that it would ask its Government, which has guaranteed $110m of its loans, for assistance.

Last week, Gazocean of France agreed a new programme with shipping companies from which it had chartered vessels. Charters would be retrospectively cancelled from January 1 1984, thus averting an estimated FFr 200m ($19.4m) of losses for last year in gas shipping.

Late last year, both Saleninvest of Sweden, a major force in refrigerated cargo shipping, and Irish Shipping, a bulk carrier operator, collapsed. The repercussions have been felt right round the sensitive and jittery shipping world.

As a result shipbrokers and bankers reckon 1985 is likely to be an especially testing year. "This could be the year of the sort-out," thought Mr Michael Robinson of the Hill Samuel merchant bank shipping division.

"Most market experts see no possibility of any recovery through 1985," said Mr Alan Brauner, a senior executive of Midland Bank dealing with ship finance. "The short-term outlook is not at all encouraging."

Why not? Well, firstly, freight rates mostly showed so little movement from depressed levels last year and the year before that owners are unable to make proper returns on their investments.

But they still owe money to the banks and institutions which helped finance the ships in the first place. Banks have been prepared to nurse their clients through hard times, but those hard times have now lasted too long.

"There comes a time," added Mr Brauner, "when you have to realise that it's not a curable disease but incurable and you have to cut it out." A number of companies, having stuck it out through 1983 and 1984, "will be hanging on by their fingernails to make it through 1985."

Another shipping banker, Mr Michael Revell, director of shipping in London of Marine Midland Bank of the U.S., recently estimated that total shipping industry debt was over $35bn.

Since mid-1983, financial institutions had arrested or taken over at least 240 vessels "and are writing off, or making provision for, some $500m." He cited Hong Kong, Greek, Canadian and Taiwanese companies as major shipowning names which had collapsed, or nearly done so.

He saw no reason why this year should not be as bad as last. Even a 15 per cent rise in freight rates would be "too little and too late for some." And while international trade was rising by only 2 per cent a year, the supply of vessels was going up by 6 or 7 per cent.

A second key factor is that new ships are still being built, often at knock-down prices—mainly in the Far East—as yards and governments strive to keep shipbuilding in business and jobs in being.

The capacity surplus in the two long-standing problem areas of tankers and bulk carriers has come down as scrapping has increased. But as the latest company headaches have shown, such highly specialised sectors as refrigerated cargo ships (reefers) and gas carriers are by no means immune to trouble.

When companies get locked into charters taken on when rates (and rate expectations) were higher than today, earnings are fast eroded in the current climate. Irish Shipping was put into liquidation by its government owner rather than being allowed to spend the I£56.5m ($57m) on keeping its charters going with Far Eastern owners in the next few years.

Gazocean took a different route. It asked Furness Withy, the UK company owned by the C. Y. Tung group of Hong Kong, and others from whom it had chartered ships, to cancel the charters, which had already been suspended since early 1984.

As part compensation, it has offered the companies shareholdings in Gazocean. Furness, which would have some 22 per cent, has said it will accept. The rates on the ships the French company had chartered ranged from $350,000 to $600,000 a month. But they were earning only around $200,000.

Many key freight rates showed no overall change in 1984, despite some upward flurries. In December, 1983, the rate for grain from the U.S. Gulf to Japan was $15 a ton. A year later, it was 50 cents less. Coal shipments from Hampton Roads in the eastern U.S. stuck at $12.50.

Major container routes also seem set for rate wars, as new and larger ships are delivered—notably to Evergreen of Taiwan and United States Lines for their round-the-world services—and the capacity surplus rises.

Hapag-Lloyd, the West German shipping group which has had its own troubles in recent years but is now through the worst, estimated that world container shipping capacity would soar from 1.3m TEU (20-foot container units) to nearly 1.9m TEU at end-1986.

Since there is already more container slot capacity than there is demand, some operators will clearly fall by the wayside in the next few years. For insolvency experts, the rest of the 1980s look promising. For many shipowners, they will be catastrophic.

THE LATEST PROBLEM COMPANIES

	Country	Sector	Debt*	Status
Irish Shipping	Ireland	Bulk carrier	$200m	Liquidation
Saleninvest	Sweden	Refrigerated cargo	$610m	Receivership
Gazocean	France	Gas shipping	——	Rescue deal
Zim	Israel	Container, bulk	$510m	Seeking state help

* Includes estimated costs of keeping companies going with existing charters. Gazocean's charter cancellation deal with shipowners, retrospective to last January, removed likely 1984 losses of FFr 200m ($19.4m).

Akzo heads for record results

By Laura Raun in Amsterdam

AKZO, the Dutch chemicals and fibres company, will post Fl 750m ($211m) profit for 1984, the best earnings in the 15-year history of the group and 75 per cent higher than the previous year.

Mr A A Louden, chairman, described as particularly pleasing the performance of the Enka group, comprising synthetic fibres, which contributed the greatest net income. In years past the synthetic fibres operations suffered heavy losses, but sharp cuts in capacity and product realignment have put the division back in the black.

Mr Louden attributed the surge in earnings to the economic recovery and the strong dollar as well as Akzo's own efforts to increase efficiency. He said a "new elan" was apparent at the Arnhem-based company.

The chairman reiteradted that Akzo's financial health provides room for "strategic" acquisitions and an even greater amount of investment than 1984's Fl 1bn. The company, which is the seventeenth largest chemicals concern in the world, has been actively looking for a U.S. takeover target in pharmaceuticals, coatings, speciality chemicals or advanced plastics for a couple of years.

Akzo recently lost out to ICL of the UK in a takeover battle for the chemicals division of Beatrice Company of the U.S., indicating that the Dutch company might pay around $750m for a suitable acquisition. At the end of the third quarter, Akzo had Fl 1.4bn available in liquid assets that apparently could be mobilised for a takeover.

UAL records $89m gain

By Our Financial Staff

UAL, the parent of United Airlines, the largest U.S. air carrier, is to show an $89m pre-tax gain in the fourth quarter of 1984.

The credit arises from a reduction in the airline's pension plan expense.

For the first nine months of 1984 UAL's net earnings were up at $215.3m, or $5.70 a share, from $85.9m or $2.32 in 1983.

NEC founder joins LSI Logic

BY LOUISE KEHOE IN SAN FRANCISCO

KEISKE YAWATA, founder and president of NEC Electronics, U.S. semiconductor subsidiary of Nippon Electric Corporation, is joining LSI Logic, the U.S. semiconductor maker, to head its Japanese offshoot Nihon LSI Logic.

The appointment of Mr Yawata, one of the best-known and most highly respected Japanese semiconductor industry executives, is considered a major coup for LSI.

The announcement came as a shock to both U.S. and Japanese industry executives. Mr Yawata has spent his entire 26-year career with NEC. In 1981 he established NEC Electronics in California.

Unlike many Japanese industry executives Mr Yawata built up a close rapport with U.S. industry chiefs and became known as the unofficial ambassador of the Japanese industry in the U.S. during a period when the U.S. semiconductor industry considered itself to be involved in an "economic war" with Japan.

A few weeks ago NEC said Mr Yawata was to be reassigned to a staff position in Japan. Instead Mr Yawata has chosen to establish LSI Logic's start-up company in Tokyo. Nihon LSI Logic was founded in March 1984.

Christiania Bank in dividend move

CHRISTIANIA BANK, Norway's second largest commercial bank, is to give its shareholders the option of receiving their 1984 dividend in the form of shares, rather than in cash. This is to ensure that equity keeps pace with the rise in the bank's total assets, writes Fay-Gjested in Oslo.

The proposed dividend for 1984 is NKr 14.30 per NKr 100 $10.9) share.

Christiania hopes that about half its shareholders will take their dividend in share form.

The shares currently around NKr 161, will be offered at around 50 per cent above par but some 10 per cent below their market price on the first day in 1985 that they are quoted ex dividend.

● Elkem, the Norwegian metals, mining and manufacturing group, topped the ranking list of companies whose shares were most traded on the Oslo bourse last year with 5.75m shares changing hands. Second came Actinor (formerly Norgas) with over 4m.

UK COMPANY NEWS

Decline in TV market hits Thorn EMI

A SHARP deterioration in the UK television and video market and losses in the North American music business meant a 28 per cent decline in first-half profits for Thorn EMI. In the six months to September, the group made pre-tax profits of £40.2m compared with £55.6m last time.

The shares fell 10p to close at 465p on the London Stock Exchange yesterday.

The biggest problem was in Thorn EMI's consumer electronics division which takes in the Ferguson TV manufacture and the large rental operations including Radio Rentals. Ferguson only broke even in the first half and is not expected to make a profit in the full year.

Ferguson has been hit by the decline in sales of large screen colour TVs in the UK last year. Stocks of TVs at retailers and in the company have been high.

Sales of small televisions have been better as Thorn EMI claims to have increased share in a growing market. However, margins on these sets are very low and price competition is expected to be fierce this year particularly from importers.

The UK video market has also fallen to 1.5m units last year from a peak of 2.2m in 1982. However, Thorn EMI says that video rental contracts grew in the first nine months by 100,000 to 900,000. The British video market is expected to decline further this year.

Overall, there has been the usual seasonal upturn in the second half of the year to date, but the continuing problems in the UK television and video recorder market lead the chairman, Mr Peter Laister, to take a cautious view of the results for the full year ending March 31 1985.

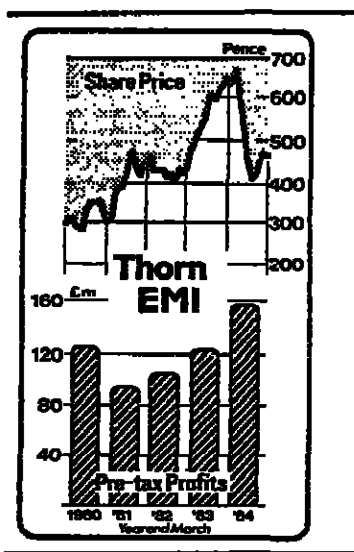
In the previous full year, the group had lifted the profit by some £34m to £156m and paid a total dividend of 17.5p (15.75p). The current interim is being held at 5p on capital increased by last July's one-for-five rights issue.

Mr Laister emphasises three important issues, viz: the continuing strengthening of management and development of the organisation; investment in research and development in facilities, people and products; and increasing concentration on the most significant areas of opportunity for profitable operation and growth.

The past six months has been a time of consolidation and progress towards longer term objectives, he says.

Turnover in the half year moved up from £1.32bn to £1.43bn, but trading profit was only £4.3m higher at £201.8m. Depreciation of TV, video and other equipment on rental and financial assets at £138.4m (£124.5m) and interest charges of £23.2m (£17.2m) made their mark on the pre-tax balance.

In music, there was a loss of £4.2m at the pre-interest stage, against a profit of £1.6m. Losses were sustained in North America but not internationally, and overall the chairman can report that more recent figures are showing recovery.



Mr Peter Laister, chairman and chief executive of Thorn EMI

He can report little improvement in the UK consumer electronics industry and profits for the whole of the division fell by some £10m to £31.6m, including rental. In 1983-84 the manufacture and sale of large screen colour TV receivers and video recorders were exceptionally strong, but these levels have not been held in the current year.

"This industry-wide swing has affected volume and margins and an early recovery cannot be expected." Rental is less affected by cyclical factors in the market place and the company continues to hold its base and to "perform better" than the competition.

The latest acquisition, Inmos International, has so far met expectations. Its sales have held up well in the face of the anticipated present market weakness, and a profit of £2.6m was earned in the first half. Thorn EMI remains committed to a public offering of the ordinary capital at the appropriate time.

Licensing arangements in Japan and Korea are widening Imos's international base. Progress continues satisfactorily in developing an international information technology business and additionally a number of supportive acquisitions and start-up operations are proceeding to plan.

The electronics, information technology and engineering division lifted its profit by £4m to £15.1m, and the strength in electronics has been confirmed recently by major orders within the defence systems sector.

Lighting continues its steady progress and improved its profit from £4.3m to £5.8m, while domestic appliances and retail enjoyed a "reasonable" first half with a contribution of £12.4m (£11.3m). In both businesses new technology is the foundation for further growth, the chairman stresses.

Screen entertainment profit fell from £3.5m to £100,000. Results in video software in America were particularly encouraging, but the associate, Thames Television, was hit by industrial action in August. The group's interest in cable and direct broadcasting by satellite continues, but opportunities for early investment are becoming "less attractive."

After tax of £15.3m (£26.5m restated) and minorities and preference dividends totalling £5.2m (£3.3m), the net balance attributable to the ordinary comes out at £19.7m (£25.7m) for earnings of 10.7p per share (14.4p adjusted).

See Lex

Howden to maintain steady advance

Howden Group, industrial holding company, raised pre-tax profits from £3.71m to £4.01m for the six months to October 31 1984 and the directors anticipate that full year results will continue the steady advance shown over the previous seven years.

They expect second-half profits to show an improvement over the previous years corresponding figure of £6.36m. For 1983-84 as a whole, the group made a record £10.07m (£9.25m) pre-tax.

The order book is at a high level and liquidity is strong, the directors state.

In general, the activity level of the group was maintained during the period under review and will be sustained for the remainder of the year.

Tho recent reorganisation from a territorial structure to a product orientated one, is beginning to show tangible benefits in the international promotion of the group's products.

The net interim dividend is stepped up from 0.8p to 0.9p per 25p stock unit—last year's final was 2p.

After tax of £1.33m (£1.12m) and minorities of £0.38m (£0.41m) the net attributable surplus came through at £2.31m, against £2.18m. Earnings per stock unit increased from 3.6p to 3.8p.

Field trials of the Microcoal processor are progressing well and market prospects are encouraging.

Following the success of the 300 kw machine, the group has formed a subsidiary in California, Howden Wind Parks, to promote involvement in the U.S. market for wind terms.

The use of natural renewable energy sources is becoming increasingly attractive with a growing market potential, particularly in the U.S.

● comment

The phrase "slow but steady growth" could almost have been invented for Howden group. Year after year, regardless of recession or otherwise, the company quietly clocks-up modest increases in pre-tax profits. The current year is not going to be the one that breaks the mould. With an 8 per cent increase in interim profits, £11m seems a likely figure for the full year. Solid and predictable Howden may be but its performance is not designed to catch the imagination of the market and the shares, which stand on a p/e of around 7 at 74p, look well and truley stuck in a rut. Yet sooner or later the market may pay some heed to the company's newer (and possibly more exciting) developments outside of its traditional power industry contracts. A sizeable acquisition (not a £2m purchase of a U.S. company) might give cause for re-appraisal and with some £20m of net cash Howden has the capability to accelerate its development in the military market for instance. But aggressive expansion is not an obvious quality and investors may have to wait a while longer for Howden's earnings multiple to close the gap with the market average.

Members' opposition to Dunlop's plans begins to crumble

BY CHARLES BATCHERLOR

SHAREHOLDER opposition to the proposed financial reconstruction of Dunlop Holdings has begun to crumble following meetings of the leading dissidents with Sir Michael Edwardes, chairman of the debt-ridden tyre and rubber products group.

Mr Ronald Haave, a New York investment manager representing the holders of 7.3m shares—5.1 per cent of Dunlop's equity—said yesterday: "I would now be more likely to support Sir Michael than oppose him though I will not decide finally until I have seen their circular."

The circular detailing the reconstruction package agreed with Dunlop's 53 banks—together owed more than £350m—is due to be published next week. The company has this week begun putting details of its plans to City fund managers, who it hopes will take up new shares.

Mr Haave has been an important supporter of the Dunlop Shareholders' Association which represents small UK investors owning a total of 2.5m shares or 1.7 per cent of the equity.

The association, headed by Professor Robert Pritchard of Leicester University, is continuing to press for changes in the reconstruction package though it is hampered by not having seen details of the package.

Prof Pritchard said yesterday: "I made a number of proposals which would help us to assure Sir Michael of our full backing. These proposals were minor in relation to the whole package but could have a significant impact on the loyalty of the small shareholders to the new board."

One of the proposals put forward was for existing small shareholders to be granted options on Dunlop shares which would be exercised if the company performed well in the future.

The Shareholders' Association is also waiting to see the details of the final package before deciding whether its proposals are met. However, Prof Pritchard had a 90-minute meeting with Sir Michael and Mr Roger Holmes another Dunlop director, on Wednesday.

Mr Haave said he had spent three days in London talking to Dunlop and its advisers Hill Samuel. He said his original suspicions that Dunlop was a case of a new management applying unduly conservative accounting etchniques to demand an excessive write-down of the existing equity had been allayed.

Mr Haave his discretion over the shares held in 11 accounts by two foundations and nine corporate pension funds. They would leave the decision on how to vote the shares to him, he said.

Valin Pollen well ahead of forecast at £603,000

IN ITS first year as a public company, Valin Pollen International, the integrated financial and corporate advertising, public relations, design and research company, reports an increase of 119 per cent from £275,000 to £603,000 in pre-tax profits for the 12 months to September 30 1984.

This comfortably beats the forecast of £425,000 made when the company went public in January 1984—its share are traded on the USM.

Turnover was 113 per cent higher at £17.62m compared with £8.25m.

The directors are recommending a total dividend of 2p with a final of 1.4p. At the time of the flotation, a total of 1.6p was forecast. The directors have waived their dividend entitlement for the year, and this amounts to £47,453.

Tax and minorities took £286,000 (£136,000) during the year, and an extraordinary item and goodwill written off amounted to £25,000 this time. After dividends of £37,000, retained profits were £255,000 against £139,000. Stated earnings per 6p share advanced from 3.5p to 7.6p.

Valin Pollen's clients include British Electric Traction, the BOC Group, BP, British Telecom, English China Clays, Standard Chartered Bank, Tate & Lyle, The Wall Street Journal (Europe) and Westpac Banking Corporation.

● comment

Valin Pollen's statement is remarkably brief for a company which thrives on publicity. The clear outlines of growth are dramatic enough—turnover up 113 per cent, pre-tax profits up 119 per cent—but a few more financial details would have been welcome. Investors are promised a fuller picture in the annual report which may prove a colourful document in its own right if last year's prospectus is anything to go by. Valin Pollen's great strength in a highly competitive market is the integrated range of services offered, in contrast to rivals who tend to specialise in a particular field, be it advertising, public relations, design or research. The extra publicity gained from flotation has helped win a string of new clients—Valin Pollen was successful in 20 out of 22 pitches last year and there are more new clients in the current year. However, costs are rising even faster than turnover, largely due to the constant need to recruit new staff. For the current year the company could make £800,000 and bear a 40 per cent tax charge, which still leaves the shares, unchanged at 358p, on a multiple of over 30. They are vulnerable.

Morceau enters 1985 with strong orders

Morceau Holdings, the fire protection specialist which obtained a full listing last February, has beaten its profit forecast and Mr Peter Smith, the chairman, says that the order book is strong and the level of inquiries is high.

The taxable result for the 12 months to September 30 1984 amounted to £1.58m, which compares with £901,000 previously and a forecast of at least £1.2m.

Mr Smith says that activity was greater than expected. Trading in the UK has progressed in all market sectors, while overseas the company has started to penetrate the local market in Hong Kong.

While most of the progress at home was predominantly in commercial buildings, Mr Smith says that the number of contracts worked on in the oil and gas industry has increased three-fold; work has been undertaken on projects such as the Morecambe gas field development, Barrow-in-Furness gas gathering plant terminal, and Littlebrook D power station.

He adds that there are considerable opportunities in the Far East arising from the renewed confidence in Hong Kong, and in Singapore, Indonesia and Malaysia where capital investment is increasing.

A final dividend of 1p, making a 1.6p total, has been proposed. The company says that had the shares been held publicly for the full 12 months then a dividend of 2.7p would have been paid.

The profit was attained on turnover of £10.71m, against £6.13m, and was subject to tax of £367,000 (£218,000), after which earnings per share are stated as 11.8p (6.7p). There was an extraordinary charge of £277,000 this time relating to flotation costs of £220,000

● comment

Morceau has beaten its flotation profits forecast by the kind of margin that investors were probably expecting to see in chasing up the share price from 110p at issue to 189p, up 3p, yesterday. The company, which fire proofs steel structures, owes its growth mainly to the increasing popularity of steel frames in the building industry at the expense of concrete; and it has found promising markets in treating external structures for the oil and gas industry, business which currently accounts for about a quarter of turnover. Morceau enjoys the high margins of the specialist niche operator, sharing its market with one major UK rival Aaronite. Given the cost advantages of steel frames and the increasing importance attached to fire protection by insurers and others the outlook seems very favourable. Against this, the company is exposed to downturns in construction—as occurred in 1981—and profits growth has depended on securing large contracts like the Hong Kong and Shanghai Bank, which has been worth £10m over two years and will be completed later in 1985. However, given Morceau's optimism about winning more £1m-plus contracts this year, the shares are a good long-term investment. Assuming current year pre-tax profits of £2m and a 25 per cent tax charge, they are fair value on a 12½ multiple.

United News sells stake in Trident

By Sue Cameron

United Newspapers, owner of the Yorkshire Post and of magazines in both the UK and the U.S., has sold its 8 per cent stake in Trident, the former television company, to institutional investors for £4.5m.

Mr David Stevens, chairman of United, said last night that the stake had been sold because Trident was no longer a TV company and therefore did not fit in with his group's other interests.

United bought into Trident some years ago when it was still a TV company covering Yorkshire and Tyne Tees. However, Yorkshire and Tyne Tees—both in the North East—were subsequently split into separate television companies and Trident itself started to concentrate on casinos.

United, whose main businesses are newspapers, magazines, printing and news transmission, still has stakes of roughly 8 per cent and 5 per cent respectively in the Yorkshire and Tyne Tees TV companies.

Last November United paid £82.3m for Link House, which publishes Exchange and Mart and also has a 31 per cent stake in the Essex-based Yellow Adevrtiser group of free newspapers.

Sun Alliance new annual premiums decline sharply

SUN ALLIANCE INSURANCE GROUP reports a sharp drop in new annual premiums in 1984 on its worldwide life and pensions business from £53.8m to £47.8m. Single premium business worldwide, however, improved from £55.5m to £64.3m.

New life and pensions business in the UK last year dropped from the record levels of 1983 for both annual and single premiums. New annual premiums were nearly 14 per cent lower at £41.6m against £48.2m. Not only was business affected by the ending of Life Assurance Premium Relief, but 1983's figures were boosted by the introduction of MIRAS.

Single premiums declined nearly 7 per cent last year to £45.7m (£49m), the fall coming from a decline in sales of linked life bonds from £29.6m to £26.2m in a very competitive field.

Annual premiums on linked life business rose from £1.4m to £1.8m, thanks to the success of a new whole contract.

The company had a successful year for self-employed and executive pensions business. New annual premiums for self-employee pensions doubled from £2m to £4.2m, while executive pension annual premiums rose nearly 30 per cent, from £3.8m to £4.9m. Single premiums on executive pensions were up by a quarter to £7m.

Sun Alliance has also declared unchanged reversionary bonus rates for 1984. Thus for ordinary life contracts the rate remains at £4 per cent of the sum assured and £6 per cent of attaching bonuses. The rate for the various individual pension contracts stays at £4 per cent of the guaranteed benefits and £6.25 per cent of attaching bonuses.

However, the company is increasing its Capital bonus rates for 1985 payable when a contract becomes a claim. The new scale ranges from £580 per £1,000 of basic benefit for 10-year contracts to £3,600 per £1,000 for 35 years or more, with lower rates for shorter durations. The previous corresponding scale ranged from £500 to £2,700.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Peter Black, Multitone Electronics, Oldacre, Ratners (Jewellers), Steed and Simpson.

Finals: Associated Newspapers, Circaprint, Daily Mail and General Trust, Wheway Watson.

FUTURE DATES

Interims:—

Copson (F.)	Jan 22
Fitch Lovell	Jan 24
Imry Property	Jan 25
Neepsend	Jan 25
Sommerville (William)	Jan 18
Somportex	Jan 23
Stone International	Jan 22
Wholesale Fittings	Jan 25

Finals:—

ASEA AB	Feb 22
Denmans Electrical	Jan 24
Glass Glover	Jan 16
Heavitree Brewery	Jan 15

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Ashdown Inv Tst		5.9	March 1	1.17	—	3.23
Electronic Rentals	int	1.17	March 1	1.17	—	2.23
Howden Group	int	0.9	April 30	0.8	—	2.8
Jones Stroud	int	2.5	April 10	2.5	—	6.5
London Inv Tst†	int	0.44	Feb 28	0.41	—	1.06
Magnet & Southerns	int	2	March 29	2	—	4.7
Mebon‡	int	1.4	—	—	—	2
Morceau Holdings		1	—	—	1.6	—
Radiant Metal	int	1	Feb 11	nil	—	1.5
Ryan Hotels		0.65¶	—	nil	0.65	nil
Thorn EMI	int	5†	March 1	5	—	17.5
Turnbull Scott	int	3	—	3	—	8
Valin Pollen‡		1.4	—	—	2	—

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Irish currency.

Gold mining companies managed by

Golden Dumps

(PROPRIETARY) LIMITED

Reports of the directors for the quarter ended 31 December 1984

CONSOLIDATED MODDERFONTEIN MINES LIMITED

(Incorporated in the Republic of South Africa)

Issued share capital: R1 072 000

Divided into 21 440 000 ordinary shares of 5 cents each

	Quarter ended 31.12.1984	Quarter ended 30.09.1984	Six months to 31.12.1984
OPERATING RESULTS			
Underground			
Ore milled – *tons*	114 898	109 131	224 029
Gold recovered – *kilograms*	736,5	686,4	1 422,9
Yield – *grams per ton milled*	6,41	6,29	6,35
Revenue – *per ton milled*	R120,78	R105,96	R113,56
Working costs – *per ton milled*	R46,04	R45,71	R45,88
Working profit – *per ton milled*	R74,74	R60,25	R67,68
Gold price received – *per kilogram*	R18 842	R16 847	R17 880
– *per ounce*	$335	$340	$337
Working costs – *per kilogram*	R7 183	R7 267	R7 223
– *per ounce*	$128	$146	$137
Surface material			
Sand treated – *tons*	2 110	4 914	7 024
Gold recovered – *kilograms*	2,8	7,2	10,0
Yield – *grams per ton milled*	1,33	1,46	1,42
FINANCIAL RESULTS (R000)			
Underground			
Revenue from gold and silver	13 877	11 564	25 441
Working costs	5 290	4 988	10 278
Working profit	8 587	6 576	15 163
Surface material profit	30	46	76
Sundry revenue	160	120	280
Operating profit	8 777	6 742	15 519
Net interest received	981	705	1 686
Net profit	9 758	7 447	17 205
Capital expenditure	3 608	3 244	6 852
Available profit	6 150	4 203	10 353
DEVELOPMENT			
North-East Prospect Shaft – Black Reef			
Advanced – *metres*	1 453	1 102	2 555
Sampled – *metres*	280	244	524
Payable – *metres*	98	64	162
Channel width – *centimetres*	72	138	98
Average value – *grams per ton*	21,6	14,2	17,5
– *centimetre grams per ton*	1 557	1 962	1 717
No. 14 Shaft – Kimberley Reef			
Advanced – *metres*	1 985	1 497	3 482
Sampled – *metres*	848	526	1 374
Payable – *metres*	253	112	365
Channel width – *centimetres*	117	128	120
Average value – *grams per ton*	6,7	6,9	6,7
– *centimetre grams per ton*	780	877	808

CAPITAL EXPENDITURE
The unexpended balance of capital expenditure authorised by the Board at 31 December 1984 was R3 429 000, which includes an amount of R1 440 000 for the No. 1 Circular Shaft.

DIVIDEND
The notice of declaration of dividend No. 96 accompanies this report.

11 January 1985

T. L. GIBBS
L. C. POUROULIS *Directors*

SOUTH ROODEPOORT MAIN REEF AREAS LIMITED

(Incorporated in the Republic of South Africa)

Issued share capital: R5 600 482

Divided into: 1 562 715 ordinary shares of 56 cents each
8 438 145 10% automatically convertible participating cumulative preference shares of 56 cents each

	Quarter ended 31.12.1984	Quarter ended 30.09.1984	Six months to 31.12.1984
OPERATING RESULTS			
Ore milled – *tons*	78 524	80 901	159 425
Gold recovered – *kilograms*	375,1	373,5	748,6
Yield – *grams per ton milled*	4,77	4,62	4,70
Revenue – *per ton milled*	R90,90	R79,12	R84,92
Working costs – *per ton milled*	R52,31	R52,11	R52,21
Working profit – *per ton milled*	R38,59	R27,01	R32,71
Gold price received – *per kilogram*	R19 030	R17 137	R18 086
– *per ounce*	$334	$341	$337
Working costs – *per kilogram*	R10 952	R11 288	R11 119
– *per ounce*	$192	$224	$208
FINANCIAL RESULTS (R000)			
Revenue from gold and silver	7 138	6 401	13 539
Working costs	4 108	4 216	8 324
Working profit	3 030	2 185	5 215
Sundry revenue	25	29	54
Dividends received	–	109	109
Operating profit	3 055	2 323	5 378
Net interest received	245	132	377
Net profit	3 300	2 455	5 755
Capital expenditure	962	799	1 761
Available profit	2 338	1 656	3 994
DEVELOPMENT			
Ventersdorp Contact Reef			
Advanced – *metres*	1 170	1 193	2 363
Sampled – *metres*	567	586	1 153
Payable – *metres*	113	62	175
Channel width – *centimetres*	128	74	109
Average value – *grams per ton*	8,21	11,6	9,0
– *centimetre grams per ton*	1 047	867	984
Kimberley Reef			
Advanced – *metres*	1 404	1 314	2 718
Sampled – *metres*	337	420	757
Payable – *metres*	114	136	250
Channel width – *centimetres*	199	174	185
Average value – *grams per ton*	6,1	6,3	6,2
– *centimetre grams per ton*	1 213	1 096	1 149

CAPITAL EXPENDITURE
The unexpended balance of capital expenditure authorised by the Board at 31 December 1984 was R951 000.

ORDINARY DIVIDEND
The notice of declaration of dividend No. 60 accompanies this report.

PREFERENCE DIVIDEND
The declaration of preference dividend No. 6 includes the preference dividend of 4 cents per share for the period to 31 December 1984 and a participating dividend of 15 cents per share.

11 January 1985

H. B. MILLER
L. C. POUROULIS *Directors*

DECLARATION OF INTERIM DIVIDENDS

Notice is hereby given that interim dividends have been declared by the undermentioned companies, payable to members registered at the close of business on Friday, 25 January 1985. The registers of members of the companies will be closed from 26 January 1985 to 3 February 1985, both days inclusive. Dividend warrants will be posted on or about 18 February 1985. The dividends are declared in the currency of the Republic of South Africa. Non-resident shareholders' tax of 15% will be deducted from dividends payable to shareholders whose addresses are outside the Republic of South Africa. Non-resident shareholders will be paid the United Kingdom currency equivalent on 1 February 1985 of the Rand value of their dividends.

Company	Class of share	Dividend No.	Amount per share (cents)
Consolidated Modderfontein Mines Limited	Ordinary	96	35
South Roodepoort Main Reef Areas Limited	10% automatically convertible participating cumulative preference	6	19
	Ordinary	60	23

Registered office and transfer secretaries
Fenesc (Proprietary) Limited
4th Floor
Lillard House
56 Marshall Street, Johannesburg 2001
P.O. Box 62185, Marshalltown 2107

By order of the Board
Fenesc (Proprietary) Limited
Secretaries
per: J. L. Freedman

11 January 1985

ROTHSCHILD ASSET MANAGEMENT (CI) LIMITED
St Julian's Court, St Peter Port, Guernsey - 0481 26741/26331
OLD COURT CURRENCY FUND LIMITED

				Yield
Sterling	£	10.189		8.66%
Australian Dollar	A$	15.267		8.86%
Canadian Dollar	C$	20.389		7.80%
Dutch Guilder	DFL	50.40		4.69%
Danish Krone	DKr	153.411		11.11%
Deutschemark	DM	40.378		4.49%
Belgian Franc (FIN)	BFr	815.81		9.21%
French Franc	FFr	102.035		9.41%
Hong Kong Dollar	HK$	101.406		7.00%
Italian Lira	L	25,739		13.20%
Singapore Dollar	S$	30.355		4.87%
Swiss Franc	SwFr	30.1998		2.80%
US Dollar	$	15.278		7.24%
Japanese Yen	Y	3,538.61		5.09%
O. C. Managed	£	9.81052	10.11394	—

Granville & Co. Limited

Member of The National Association of Security Dealers and Investment Managers

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

Over-the-Counter Market

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
142	123	Ass. Brit. Ind. Ord.	142	—	6.6	4.6	7.9	9.4
149	135	Ass. Brit. Ind. CULS	149	—	10.0	6.7	—	—
77	52	Airsprung Group	53	—	6.4	12.0	6.8	7.1
42	28	Armitage and Rhodes	40	−1	2.9	7.3	5.0	8.3
135	108	Bardon Hill	135	—	3.4	2.5	13.6	22.7
58	42	Bray Technologies	49	—	3.5	7.1	5.7	8.1
201	173	CCL Ordinary	173	—	12.0	6.9	—	—
152	114	CCL 11pc Conv. Pf.	114	—	15.7	13.8	—	—
804	100	Carborundum Ord.	804	—	5.7	0.7	—	—
88	84	Carborundum 7.5pc Pf.	88	—	10.7	12.4	—	—
103	72	Cindico Group	72	—	—	—	—	—
73	61	Deborah Services	64	−1	6.5	10.2	6.1	9.8
240	182	Frank Horsell	240	—	—	—	8.6	12.6
206	170	Frank Horsell Pr.Ord.87	206	—	8.6	4.8	8.3	10.8
31	25	Frederick Parker	30	—	4.3	14.3	—	—
50	33	George Blair	49	—	—	—	3.3	6.6
60	28	Ind. Precision Castings	28	—	2.7	9.8	7.8	8.3
218	200	Isis Group	200	—	15.0	7.5	7.9	14.4
124	106	Jackson Group	108	+1	4.9	4.6	4.9	9.5
285	213	James Burrough	282	—	13.7	4.8	10.0	10.0
93	83	James Burrough 9pcPf.	93	—	12.9	13.9	—	—
86	71	John Howard and Co.	86	+1	5.0	5.8	8.8	12.5
147	100	Linguaphone Ord.	147	—	—	—	—	—
100	93	Linguaphone 10.5pc Pf.	97	—	15.0	15.4	—	—
600	300	Minihouse Holding NV	600	—	3.8	0.7	43.2	47.2
120	31	Robert Jenkins	32	—	5.0	15.6	—	—
80	28	Scruttons "A"	28	—	5.7	20.4	14.7	3.4
92	81	Torday and Carlisle	85	—	—	—	9.1	19.3
444	370	Travian Holdings	370	—	4.3	1.2	21.0	20.7
27	17	Unilock Holdings	26	—	1.3	5.0	12.9	18.2
95	81	Walter Alexander	95	—	7.8	2.9	9.4	11.4
247	226	W. S. Yeates	226	—	17.4	7.7	5.4	10.8

Prices and details of services now available on Prestel, page 48146

UK COMPANY NEWS

Telecom halfway towards £1.3bn target

BRITISH TELECOM is over halfway towards its projected full year profit target of at least £1.35bn, with yesterday's interim announcement showing a 48 per cent increase in taxable profits from £462m to £684m.

Turnover for the six months to end-September 1984 advanced by 10 per cent from £3.33bn to £3.68bn while operating costs, excluding interest charges, rose by 6.4 per cent to £2.76bn.

Rental turnover was up from £1.15bn to £1.24bn, telephone calls totalled £1.98bn, against £1.8bn, and telex and other rose from £137m to £169m. Sales and other operating income amounted to £288m (£236m).

Sir George Jefferson, chairman, said that the half year results were in line with last November's prospectus forecast.

Mr Doug Perryman, finance director, said yesterday that international services were enjoying a good year with traffic up 12 per cent while the volume of local and trunk calls was up by 7 per cent and 9 per cent respectively. The number of UK subscribers, he said, had risen at an annualised rate of 3 per cent.

He pointed out that capital expenditure at £855m for the period was "significantly ahead" of the comparable six months, and added that Telecom might "just about achieve" its full year capital spending target of £1.8bn.

While Telecom was spending more on computers, Mr Perryman said that expenditure on telephone exchanges had fallen. Around £27m was allocated for System X in the period in the period and roughly double that would be spent in the second half.

Staff numbers have been reduced and more will go in the second half. The number of employees fell by 5,400 to the end of the period compared with the previous six months and Telecom expects to cut the payroll by another 2,600 by the year end, while measures to improve the quality of services to its customers had shown "discernable improvement."

Mr Perryman added that "we have a long way to go to achieve our objective of becoming the best telecommunications company in the world but I raise the point," he said, "to demonstrate it is not our intention to reduce costs at the expense of our services to customers."

Commenting on future diversification plans, Mr Perryman said that in a "lively market" there were lots of opportunities and he pointed to plans for a joint venture with IBM, which the Government had refused to allow to go ahead, as an example of Telecom's thinking.

He went on to say that "diversification and the expanding opportunities that exist in the telecommunications and information technology markets is certainly something we are interested in.

"If you think about it, the idea that we are going to start making bids for x, y and z companies in the UK is probably false. I don't think the Monopolies Commission is going to like it," he said.

However, the situation in the U.S., where Telecom would be one large organisation among a number of large organisations, was different, said Mr Perryman. He added that if Telecom did start to think about acquisitions then it would have to think about the U.S.

Over the six months, debt was reduced by £118m and there was an increase of £120m in net liquid funds. Cash flow from operations amounted to £1.12bn.

Net interest charges were cut from £271m to £237m, with £27m of the reduction reflecting the new capital structure established last August. If this structure had been in place for the whole of the three and six months ending September, net interest payable for the periods would have been £91m and £186m respectively.

There were special adjustments, altogether worth £99m, added to profits. These broke down as to depreciation £52m, lower pension fund contributions £20m, and £27m in saved interest arising from the offer for sale.

Telecom's record breaking share offer resulted in 2m individual UK shareholders. But although Telecom had not yet drawn up its share register Mr Perryman said he believed that the number of shareholders in the UK would now be "significantly lower."

The number of shares held in Japan, he said, had increased from around 180m at the time of the flotation to around 200m, while U.S. investors look to have been heavy sellers of Telecom's shares.

Sir George Jefferson, chairman of British Telecom, operating the City Business System Console, developed for international commercial organisations

Mr C. Bull, corporate treasurer, said that he would be surprised if more than a third of the original holding was still held in the U.S.

Profits attributable to ordinary shareholders, after providing for deferred tax and for the preference dividend (£10m), was £224m (3.7p per share) for the second quarter and £428m (7.1p per share) for the six months.

This year, Telecom has provided for deferred tax for the first time, amounting to £426m. The provision was primarily necessary because of the lower level of capital allowances provided for in the 1984 Finance Act.

Telecom expects to charge mainstream corporation tax for the first time on its profits for the year ending March 31 1986.

Yesterday saw the 50p partly paid shares reach another high with the price at the close up 5p to 120p. Mr Perryman would not comment on the 50p offer price. "It was the Government which sold its holding and it was its price," he said.

See Lex

Selincourt to pull out of French loss-maker

By Stefan Wagstyl

Selincourt, the London-based textiles company which has rationalised its business extensively in the past two years, is to pull out of its loss-making operations in France.

It is giving up its attempt to turn around Tricosa, a ladies' clothes manufacturer, employing about 450 people in three factories in Paris, Saumur and Nantes.

Selincourt estimates the move will wipe £3.5m off its balance sheet, although group borrowings will fall by £2.5m with the elimination of Tricosa's bank debts.

However, the likely provision does not include Tricosa's current trading losses for the financial year to the end of this month, which are said to be substantially higher than last year's losses of "several hundred thousand pounds."

Mr Roger Barklett, Selincourt's financial director, said the group had decided to pull out of Tricosa after failing to get the necessary government approval for a rationalisation plan.

Tricosa, which was acquired in the early 1970s, had traded profitably until the 1983-84 financial year when it began to suffer from falling demand and high costs, said Mr Barklett.

Selincourt, a manufacturer and merchant of textiles, clothes, and lace, said other parts of the group were trading profitably and generating cash.

The company has recovered strongly from losses of £182,000 in 1981-82. Following senior management changes the company broke even in 1982-83 and made pre-tax profits of £791,000 in the year to January 1984. In the first half of the current year profits were doubled to £206,000.

Selincourt shares rose 1½p yesterday to 17½p.

Frank Gates' shares climb on bid talks

The share price of Frank G. Gates, East London-based Ford main dealer, rose sharply yesterday after the company disclosed that it had received an approach which could lead to a bid.

Its shares gained 31p to 91p, valuing the company at £7.6m. Members of the Gates family have substantial minority holdings.

Pre-tax profits fell in first half 1984, and the company said it did not expect full year profits to match 1983's £1.2m.

Hogg Robinson stake sold

A MAJOR GROUP of shareholders in Hogg Robinson, the insurance broker and travel agent which has frequently been the subject of bid rumours, has sold its stake.

Aitken Hume International, the merchant banking and investment management group, said that it, together with its associates, had sold 1.8m shares, or 5.1 per cent of the equity, and no longer had a notifiable stake in Hogg Robinson.

Chief executive Mr Timothy Aitken said the shares had been sold on the market and he thought it unlikely that they had gone to a single purchaser.

The two remaining substantial shareholders in Hogg Robinson, Kuwait Investment Office, with 11.3 per cent of the equity, and Mills and Allen International, with 7.8 per cent, could not be contacted for comment last night.

Mr Christopher Price, Hogg Robinson's chief executive, declined to comment. The company's shares rose 2p yesterday to close at 233p.

Buckmaster & Moore

The latest stockbroking firm rumoured to be planning a link with a bank is Buckmaster and Moore. A spokesman said last night that a statement would be issued shortly but would neither confirm nor deny the report.

Norton wins the hand of Causton

Norton Opax has won the agreement of fellow specialist printer Sir Joseph Causton & Sons to a £21m offer

Causton said yesterday that after talks with Norton, in which Norton gave assurances on Causton's business, management and staff, it determined that the offer terms were fair. In the absence of a higher offer acceptable to Causton, it recommended shareholders to accept.

Norton, which unveiled the bid in order to force the pace in its talks with Causton, is offering 24 of its own shares for every 25 Causton, with a 110.4p cash alternative. Norton already has a 21.6 per stake in Causton.

Bailey chairman sells 4m ordinary shares

Mr Christopher Bailey, chairman of ship repairer C. H. Bailey, has sold about a quarter of his holding of ordinary shares in the company, though he retains a strong hold through his holding of "B" shares, which carry greater voting rights.

Mr Bailey has disposed of 4.3m of the 16.59m ordinary shares which he was last recorded as holding both in his own right and as a trustee. Yesterday, the shares rose ½p to 25½p. Mr Bailey also holds 2.5m "B" shares, which were trading at 110p, up 9p.

Bailey's share price rose sharply last year on speculative interest despite a poor profit record. On New Year's Eve Mr Bailey fended off shareholder criticism at a five-hour annual meeting held in Cardiff's docklands.

Radiant Metal

Radiant Metal Finishing operated at a loss over the six months to end-August 1984. However, with a fourfold increase in investment income to £121,192, the group was able to show a higher taxable result of £86,678 against £48,460.

Turnover of this electroplater and metal finisher amounted to £258,441 (£335,437). Earnings per share came out at 4.63p (2.21p), after tax of £23,681 (£18,415), and there is an interim dividend of 1p (nil).

Burco selling appliance side to Irish partner

Burco Dean, the loss-making kitchen furniture and industrial group, is selling its domestic appliance business to Glen Dimplex, a privately-owned Irish company, which entered into a joint venture with Burco in 1981.

The consideration, which will be based on the net asset value of the appliance business at the completion date, is expected to amount to some £1.4m. A further £0.44m will be released to Burco as a result of its withdrawal from the joint venture with Glen Dimplex.

Burco's domestic appliances are fuelled by natural gas, electricity and LPG. In addition to the well-known Burco wash and catering boilers, gas convectors, back boiler units and a range of gas and electric cooking products are manufactured. The business employs some 100 people in Burnley, Lancashire.

In the year ended September 30 1984, the appliance business, including Burco's share of the joint venture, made a profit before interest and tax of £244,000, on £6.2m turnover. Net tangible assets of the appliance business at end-September were £1.5m.

Burco Dean's 1983-84 results will be announced on January 31. In the six months to March 31 1984, its pre-tax losses accelerated from £269,000 to £778,000 following a further heavy loss from the kitchen furniture division.

The company recorded peak profits of £1.65m in 1977-78, but two years later suffered a £1.18m loss. A small profit in 1980-81 was followed by losses of £771,000 and £697,000 in the next two years.

The joint venture company with Glen Dimplex was formed some four years ago to manufacture and market certain domestic appliances previously made by Burco Dean. But in order for its activities to be developed further, it was decided that a substantial capital injection was necessary.

The proceeds of the disposal will be applied in reducing bank borrowings and Burco Dean will now be concentrating all its efforts on restructuring its kitchen furniture activities and developing its industrial division.

Completion of the sale is expected to take place on February 1.

Turnbull Scott pulls out of fishing operation

PRE-TAX profits of Turnbull Scott Holdings fell slightly from £140,000 to £132,000 in the six months to September 30 1984, on a lower turnover of £7.19m, against £8.51m.

However, in spite of continuing poor shipping freight markets and a further loss from the fishing division, the company is hopeful that the full year pre-tax figure will show a small increase over the interim result.

For the last full year, the company made a pre-tax profit of £274,000 (£2.33m loss).

The fishing side had a poor year following unusually long periods of bad weather. Despite efforts to cut expenses and increase sales in Boston Fleet Fish (Grimsby(losses have continued and the company has decided to cease operations in this subsidiary.

In addition, the company has sold its 25 per cent interest in its associate, Patrick Business Travel.

Elsewhere, the group's shipping, engineering and security divisions all made positive contributions to the result.

The net interim dividend is unchanged at 3p per share—last year's final was 5p.

Turnover dropped from £8.51m to £7.19m and gross profits came out at £251,000 (£298,000). Pre-tax results were after charging distribution costs of £140,000 (£197,000), administration expenses £183,000 (£245,000) and interest payable £204,000 (£469,000).

Certain comparisons have been restated.

BAT/Hambro Life offer detail

THE MOST interesting item in the formal offer document setting out the recommended £664m bid by BAT Industries for Hambro Life Assurance, is the forecast by Hambro Life's actuary that the actuarial surplus for 1984 is estimated to be £27.1m—some 15 per cent up on 1983's surplus.

This gives a P/E of 21 on the offer price based on the 1984 estimated surplus—a figure that is above average for life companies.

The document relates to the first major bid covered by the new takeover rules and as such contains a mass of information on both companies, much of which is historical and available in previously issued documents.

The bid announced on December 18 1984 was 550p cash for each Hambro Life share with an alternative loan stock or loan note offer. The document now gives full details of these two alternatives.

The first alternative is 529.76p nominal of 12¼ per cent loan stock 2003-08 being identical with the existing loan stock and this is valued at 550p.

The second alternative is 550p nominal of Loan notes. These will be issued in integral multiples of £1 with interest half-yearly in arrears at a rate ¼ per cent below the average of the London Inter-Bank Offered Rates for the three business days immediately preceding the start of the six-month interest period.

Hambro Life shareholders can receive their consideration in any combination of cash, loan notes and loan stock. However, the amount of loan stock issued is limited to £190m so there could be some scaling down if applications for loan stock exceed this limit.

The document points out that the offer represents a 17 per cent increase in capital over the share price on December 12 1984—the last dealing day before suspension of Hambro Life shares ahead of the bid announcement. On the income position the document makes no quantifiable claims.

In order to facilitate the bid and mitigate the expense of the takeover, Hambro Life is reorganising its share capital. The EGM to agree this will be held on February 1 1985. This will not affect the payout to shareholders. The offer becomes unconditional on that date.

The bid is virtually assured of success. BAT already has 42.6 per cent of Hambro Life's equity acquired from the two major shareholders, Charterhouse J. Rothschild and Guardian Royal Exchange Assurance, from Hambro Life directors and families and from purchases in the market.

LADBROKE INDEX
Based on FT Index
978-982 (−3)
Tel: 01-427 4411

BASE LENDING RATES

A.B.N. Bank	9½%	C. Hoare & Co. †	9½%
Allied Irish Bank	9½%	Hong Kong & Shanghai	9½%
Amro Bank	9½%	Johnson Matthey Bkrs.	9½%
Henry Ansbacher	9½%	Knowsley & Co. Ltd.	10½%
Armco Trust Ltd.	10½%	Lloyds Bank	9½%
Associates Cap. Corp.	9½%	Mallinhall Limited	10 %
Banco de Bilbao	9½%	Edward Manson & Co.	10½%
Bank Hapoalim	9½%	Meghraj and Sons Ltd.	9½%
BCCI	9½%	Midland Bank	9½%
Bank of Ireland	9½%	■ Morgan Grenfell	9½%
Bank of Cyprus	9½%	Mount Credit Corp. Ltd.	9½%
Bank of India	9½%	National Bk. of Kuwait	9½%
Bank of Scotland	9½%	National Girobank	9½%
Banque Belge Ltd.	9½%	National Westminster	9½%
Barclays Bank	9½%	Norwich Gen. Tst.	9½%
Beneficial Trust Ltd.	10½%	People's Tst. & Sv. Ltd.	10½%
Brit. Bank of Mid. East	9½%	Provincial Trust Ltd	11 %
■ Brown Shipley	9½%	R. Raphael & Sons	9½%
CL Bank Nederland	9½%	P. S. Refson	9½%
Canada Perm'nt Trust	9½%	Roxburghe Guarantee	10 %
Cayzer Ltd.	9½%	Royal Bk. of Scotland	9½%
Cedar Holdings	11 %	Royal Trust Co. Canada	9½%
■ Charterhouse Japhet	9½%	■ J Henry Schroder Wagg	9½%
Choulartons**		Standard Chartered ‖	9½%
Citibank NA	9½%	Trade Dev. Bank	9½%
Citibank Savings ¶	10½%	TCB	9½%
Clydesdale Bank	9½%	Trustee Savings Bank	9½%
C. E. Coates & Co. Ltd.	10½%	United Bank of Kuwait	9½%
Comm. Bk. N East	9½%	United Mizrahi Bank	9½%
Consolidated Credits	9½%	Westpac Banking Corp.	9½%
Co-operative Bank *	9½%	Whiteaway Laidlaw	10 %
The Cyprus Popular Bk	9½%	Williams & Glyn's	9½%
Dunbar & Co. Ltd.	9½%	Wintrust Secs. Ltd.	9½%
Duncan Lawrie	9½%	Yorkshire Bank	9½%
E. T. Trust	10 %		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	11 %		
■ Robert Fleming & Co.	9½%		
Robert Fraser & Ptns.	10 %		
Grindlays Bank ‡	9½%		
■ Guinness Mahon	9½%		
■ Hambros Bank	9½%		
Heritable & Gen. Trust	9½%		
■ Hill Samuel §	9½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.25%. 1 month 7.00%. Fixed rate 12 months £2,500 8.75% £10,000, 12 months 8.00%.
† 7-day deposits on sums of under £10,000 6¼%, £10,000 up to £50,000 7¼%, £50,000 and over 8%.
‡ Call deposits £1,000 and over 6¼%.
‖ 21-day deposits over £1,000 7¼%.
¶ Mortgage base rate.
§ Demand deposits 6%.
** See Provincial Trust Ltd

UK COMPANY NEWS

Magnet & Southerns slips as margins stay under pressure

PROFITS BEFORE tax of Magnet & Southerns slipped from £17.28m to £16.91m in the six months to September 30 1984 and margins in the current half year are still under pressure.

At the beginning of the first half there was a surge of business in the repairs, maintenance and improvement sector arising from the changes in VAT regulations.

Thereafter, activity levels fell, particularly in the timber merchanting side of the group's business. This resulted in more competitive conditions in its markets and pressure on margins.

Mr S. Oxford, the chairman, tells shareholders, however, that despite the difficulties the group, a manufacturer of prepared joinery, doors and ancillary products, achieved an increase in sales of almost 22 per cent to £114.68m (£94.03m) but trading profits showed only a £600,000 rise at £16.79m.

Pre-tax profits were struck after taking account of a near-£965,000 drop in interest income to £128,812.

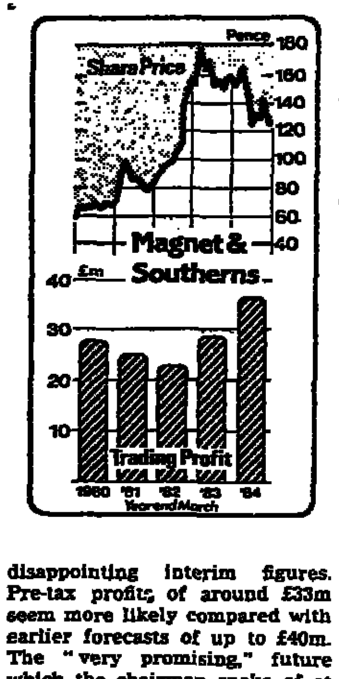
The corresponding period benefitted from the investment of the net £27m rights issue made early in 1983. Since then most of the proceeds have been used for new buildings, plant and machinery the assets of which have not yet had a chance to make a reasonable contribution.

Tax accounted for £6.05m (£6.16m) to leave the net balance at £10.87m, compared with £11.12m, equal to earnings of 6.1p (6.2p) per 25p share.

The net interim dividend is held at 2p—a final of 2.7p was paid for the 1983-84 year when pre-tax profits reached a record £32.13m (£24.33m), although figures for the second half were down on those of the first.

Last November the group completed the acquisition of Hyphen Fitted Furniture, a manufacturer and fitter of kitchen, bedroom and bathroom furniture.

Mr Gordon Brown has been appointed financial director of the group and will take up his full time executive position on February 1.



● comment

Analysts are trimming back full year forecasts yet again for Magnet & Southerns following disappointing interim figures. Pre-tax profits of around £33m seem more likely compared with earlier forecasts of up to £40m. The "very promising," future which the chairman spoke of at the AGM in September, is hard to see in these results. Demand for timber is expected to remain sluggish for the next 12 months. Increased and more efficient competition on the Magnet Joinery side means that the company may have to learn to live with smaller margins than hitherto. Two factors which affect earnings this year are a rising tax charge which will probably be around 33 per cent for the year and lower interest receivable as the company spends last year's rights issue money. Capital expenditure is budgeted for around £15m in the current year. The benefits of the spending are only slowly coming through; the glass factory in Rotherham, did not contribute in this six months and some of the depots have yet to come fully on stream. The kitchen furniture sales are growing and taking market share and look the brightest prospect for the company until there is some sign of a pick up in the building and construction sector. The shares closed down 10p at 114p giving a p/e of 9.

Recovery at LIT as U.S. growth continues

PRE-TAX profits of the London Investment Trust recovered from a depressed £571,000 to £1.81m in the six months to September 30 1984 and the results for the third quarter are "encouraging."

If the current expectations for the second half are fulfilled the directors will propose an increase in the final dividend (0.658p)—the interim is being lifted from 0.406p to 0.441p net per 5p share.

The six months were a period of continued growth in the U.S. through the Shatkin Trading Company and of consolidation in the UK following last year's setbacks at the E. Bailey Commodities subsidiary.

At the AGM last September Mr J. S. Arthur, the chairman, said the main reason for the group's £400,000 fall in pre-tax profits to £2.04m for the year to March 1984 was an exceptional provision required at Bailey in respect of a debt owed by a third party broker.

Turnover of the group, which has interests in commodity clearing and broking and financial services, rose from £7.26m to £11.47m in the first six months.

● comment

The interim results to September from London Investment Trust show that the company is shaking off the nightmare of its last financial year and is firmly on the road to recovery. The losses from the UK commodity trading operation E. Bailey Commodities have been curtailed in the first six months of the financial year and the remedial action taken will come through in the second half when small profits are expected. This has enabled the profitable U.S. futures business, Shatkin Trading, which is still maintaining a 50 per cent yearly growth rate to show through in the interim figures, and should allow an even better performance in the second half. But better things are in store from the U.S. with the recent acquisition Rialcor contributing to group profits from the beginning of this year. Analysts are looking to pre-tax profits of £4m in the current year and at least £4½m in 1985-86 when the group's potential will start to really emerge. The share price improved a 1p to 31½p, giving a p/e of 11 on an expected 2.9p earnings per share—a multiple that relates more to the current year's prospects rather than the potential for next year.

BANK RETURN

BANKING DEPARTMENT

	Wednesday January 9 1985	Increase (+) or Decrease (—) for week
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	1,829,184,052	+ 1,527,908,134
Bankers Deposits	732,102,967	+ 117,228,596
Reserve and other Accounts	1,757,392,567	+ 66,736,821
	4,333,232,586	+ 1,711,873,551
Assets		
Government Securities	569,316,261	+ 120,349,300
Advance & other Accounts	1,083,988,366	+ 52,983,075
Premises Equipment & other Secs.	2,673,434,948	+ 1,535,759,134
Notes	6,338,411	+ 2,935,748
Coin	164,600	+ 25,294
	4,333,232,586	+ 1,711,873,551

ISSUE DEPARTMENT

	Wednesday January 9 1985	Increase (+) or Decrease (—) for week
Liabilities	£	£
Notes issued	12,230,000,000	— 590,000,000
In circulation	12,223,661,589	— 592,935,748
In Banking Department	6,338,411	+ 2,935,748
Assets		
Government Dept	11,015,100	—
Other Government Securities	2,175,509,592	— 90,574,082
Other Securities	10,043,475,378	— 499,425,918
	12,230,000,000	— 590,000,000

MINING NEWS

Weak rand means record quarter for Gold Fields

BY KENNETH MARSTON, MINING EDITOR

GOLD MAY be out of fashion in U.S. dollar terms but it is records all the way for the seven South African gold mines in the Consolidated Gold Fields group.

Because of the weakness of the South African rand against the U.S. dollar, in which gold sales are priced, the group's mines have enjoyed best-ever rand gold prices and returned record aggregate profits in the December quarter of 1984.

They have also managed to contain the increase in working costs to under one per cent in the face of the Republic's rising inflation rate which is now over 13 per cent. Combined net profits for the quarter of the mines have risen by 22 per cent from the previous three months to R221.9m (£91.4m).

The group does not carry out forward gold sales and therefore it has reaped the full benefits of the advancing rand price of gold, which in the past quarter reached its highest average level of R19,439 per kilogramme. This compares with R17,338 in the previous three months and R15,579 in the June quarter. It is currently over R20,000.

Both Venterspost and the young Deelkraal suffered some loss of production owing to underground fires and both companies are submitting insurance claims for the losses sustained.

Doornfontein states that it has now commissioned the new No. 3 shaft. This is part of a shaft complex which, in some three years or so, will open up the area to the south of the mine's lease for mining of the higher grade Carbon Leader reef.

In the Golden Dumps group, Consolidated Modderfontein has lifted its December quarter net profit to R9.76m from R7.46m in the previous three months while South Roodepoort's quarterly earnings have risen to R3.3m from R3.46m. The companies have declared respective interim dividends of 35 cents and 23 cents.

Kidston starts gold production

AUSTRALIA'S Kidston gold mine in north-eastern Queensland, destined to become the country's biggest gold operation, has started production. The open-pit producer is expected to reach full output within a month.

During its first year the big mine is scheduled to produce 281,000 oz gold and 164,000 oz silver, but over the first five years the average annual output will reduce to 196,000 oz gold and 156,000 oz silver.

The projected average annual milling rate is 3m tonnes of ore out of a mineable ore reserve of 37m tonnes, but there are hopes of a further 20m tonnes in nearby areas.

The company says that because of lower than expected capital costs and the early start to production it will not need to draw more than U.S.$100m of a U.S.$ 115m multi-option credit facility arranged by Chase Manhattan Bank.

Shares in Kidston were floated in Australia last year via a public offer of 15 per cent of the company at a price of A$1.60 per share. A further 15 per cent is held by Elders IXL and 70 per cent by Canada's Placer Development.

The latter exepocts further share offers to be made Down-Under in due course in order to comply with the Australian foreign ownership requirement that the Canadian company should further reduce its holding to 55 per cent.

Malaysian Mining shows good rise for December

THE DECEMBER tin concentrate outputs from the Eastern mines in the Malaysia Mining Corporation (MMC) group show a useful increase at Tongkah Harbour although this still leaves the company's total for the first six months of its financial year at 223 tonnes against 286 tonnes in the same period of 1983.

Berjuntai continues to run ahead of its previous year's performance with an eight-month total of 1,675 tonnes against 1,396 tonnes. However, production figures do not necessarily indicate the level of sales which remain subject to export controls imposed by the International Tin Council in its efforts to reduce surplus stocks.

Among the other producers the half-year total of Aokam amounts to 528 tonnes against 531 tonnes a year ago, while that of Ayer Hitam amounts to 523 tonnes against 633 tonnes.

MMC itself has an 11-month total of 4,507 tonnes against 5,234 tonnes while Tronoh completes its year with a total of 395 tonnes against 696 tonnes.

The latest month's figures are compared in the following table.

	Dec tonnes	Nov tonnes	Oct tonnes
Aokam	78	113	145
Ayer Hitam	78	111	67
Berjuntai	208	197	198
MMC	37	448	377
Sungei Besi	37	35	38
Tongkah Harb	77	29	30
Tronoh	35	40	44

* * *

Australia's Barrack Mines is offering one fully paid share for every three shares in Samantha Exploration. The two companies are partners in the Horseshoe Lights gold mining venture at Meekatharra in Western Australia and Barrack already holds 11 per cent of Samantha.

Lac gold production at record

Canada's Lac Minerals reports a record gold production of 300,000 oz for 1984. At January 1 1985, the company had sold 207,980 oz for delivery from future production at set dates and at prices averaging US$366 an ounce.

In addition to the estimated cash flow from operations this year of C$50m (£33m) the company has cash on hand of US$105m (£92m). These funds are expected to be sufficient to finance the company's development and capital projects during 1985.

* * *

South African gold production in November was 1,841,790 oz compared with 1,807,127 oz in October, according to figures issued by the Chamber of Mines. The total for the first 11 months of 1984 amounts to 20,047,373 oz compared with 20,125,728 oz in the same period of 1983.

Analysis of bank advances and acceptances

to UK residents by reporting institutions in the UK at November 21 1984 (Table 5, Bank of England Quarterly Bulletin)*

£m

INDUSTRIAL DETAIL

		Total to UK residents	of which in sterling	Agriculture, forestry and fishing	Oil and extraction of natural gas	Other energy industries	Water supply	Total manufacturing	Extraction of minerals and ores	Metal manufacturing	Mineral products
All banks (amounts outstanding) (sterling and other currencies)											
Loans and advances	1984 Aug. 15	128,619		5,591	3,344	1,256	95	19,702	619	1,029	722
	Nov. 21	136,946		5,428	3,558	1,910	150	20,961	571	1,082	741
Acceptances	1984 Aug. 15	9,868		36	317	200	—	4,559	199	354	157
	Nov. 21	11,471		66	389	211	—	5,320	248	417	185
Total	1984 Aug. 15	138,487		5,628	3,661	1,456	95	24,261	818	1,383	879
	Nov. 21	148,417		5,494	3,947	2,121	150	26,281	819	1,499	926
of which in sterling	1984 Aug. 15	107,597		5,601	1,474	766	30	19,216	449	1,064	552
	Nov. 21	113,515		5,468	1,641	1,297	42	20,788	582	1,193	581
Changes in total lending in three months ended:											
In sterling	1984 Aug. 15 a	+2,695		+235	+164	− 72	+ 13	+ 469	+ 11	+ 63	+ 12
	Nov. 21 b	+5,918		−133	+167	+531	+ 12	+1,572	+133	+129	+ 29
In other currencies†	1984 Aug. 15 a	+ 723		− 5	−248	+126	+ 41	+ 27	− 6	+ 33	+ 22
	Nov. 21 b	+1,643		− 3	− 45	+ 80	+ 38	+ 65	−156	− 35	− 8
Group detail (total outstanding) (sterling and other currencies)											
Retail banks	1984 Aug. 15	66,174	64,657	5,437	489	185	5	11,424	242	696	339
	Nov. 21	70,428	66,432	5,281	586	280	14	11,878	259	695	361

		Chemical industry	Mechanical engineering	Electrical engineering	Motor vehicles	Other transport equipment	Other engineering and metal goods	Food, drink and tobacco	Textiles, leather, clothing and footwear	Other manufacturing
All banks (amounts outstanding) (sterling and other currencies)										
Loans and advances	1984 Aug. 15	1,412	1,457	1,934	630	1,441	1,816	3,178	1,449	4,016
	Nov. 21	1,546	1,588	2,463	603	1,560	1,759	3,595	1,388	4,065
Acceptances	1984 Aug. 15	399	226	467	546	50	253	889	123	895
	Nov. 21	465	248	608	516	63	199	1,215	158	997
Total	1984 Aug. 15	1,811	1,683	2,402	1,176	1,490	2,068	4,067	1,572	4,911
	Nov. 21	2,010	1,837	3,071	1,119	1,623	1,958	4,810	1,546	5,062
of which in sterling	1984 Aug. 15	1,428	1,436	1,894	1,073	1,163	1,833	3,049	1,359	3,916
	Nov. 21	1,537	1,546	2,403	1,017	1,267	1,672	3,731	1,329	3,930
Changes in total lending in three months ended:										
In sterling	1984 Aug. 15	+ 1	+ 18	−120	+ 36	+ 49	+144	− 94	+ 71	+278
	Nov. 21	+109	+110	+509	− 56	+104	−161	+628	− 30	+ 14
In other currencies†	1984 Aug. 15	− 47	+ 17	− 18	+ 31	− 81	+ 9	−123	+ 7	+182
	Nov. 21	+ 60	+ 24	+119	− 8	+ 4	+ 32	− 16	− 11	+ 61
Group detail (total outstanding) (sterling and other currencies)										
Retail banks	1984 Aug. 15	601	949	998	521	829	1,283	1,745	1,020	2,202
	Nov. 21	594	1,042	1,334	475	880	1,186	1,868	951	2,232

		Construction	Retail motor trades	Other retail distribution	Wholesale distribution	Hotels and catering	Air transport	Other transport	Postal services and telecommunications
All banks (amounts outstanding) (sterling and other currencies)									
Loans and advances	1984 Aug. 15	4,209	1,898	4,905	7,388	2,784	761	2,487	225
	Nov. 21	4,394	1,909	5,052	7,470	3,014	702	2,709	220
Acceptances	1984 Aug. 15	182	86	517	1,201	46	2	89	50
	Nov. 21	216	76	662	1,372	65	3	101	64
Total	1984 Aug. 15	4,391	1,983	5,423	8,590	2,831	763	2,576	275
	Nov. 21	4,609	1,985	5,714	8,842	3,079	705	2,810	284
of which in sterling	1984 Aug. 15	4,045	1,915	5,257	4,371	2,500	198	1,793	126
	Nov. 21	4,243	1,905	5,566	4,583	2,649	221	1,905	134
Changes in total lending in three months ended:									
In sterling	1984 Aug. 15	+ 6	− 39	+255	− 24	− 76	− 48	− 53	+ 11
	Nov. 21	+198	− 10	+309	+212	+149	+ 23	+112	+ 8
In other currencies†	1984 Aug. 15	− 6	+ 2	− 1	+273	− 36	−182	+ 25	+ 4
	Nov. 21	− 6	+ 6	− 29	−270	+ 72	−121	+ 61	− 11
Group detail (total outstanding) (sterling and other currencies)									
Retail banks	1984 Aug. 15	3,177	1,321	4,092	2,416	1,914	134	1,095	56
	Nov. 21	3,299	1,283	4,214	2,474	2,054	106	1,140	53

		Building societies§	Investment and unit trusts	Insurance companies and pension funds	Leasing companies	Other financial¶	Central and local government services	Property companies	Hiring of movables	Business and other services	Bridging finance for house purchase	Other house purchase	Other advances to persons
All banks (amounts outstanding) (sterling and other currencies)													
Loans and advances	1984 Aug. 15	1,097	2,364	2,087	3,596	15,507	2,044	5,148	576	8,858	865	15,389	16,442
	Nov. 21	1,421	2,515	2,224	3,858	18,119	2,138	5,366	588	9,253	828	16,039	17,119
Acceptances	1984 Aug. 15	—	48	11	458	1,651	19	48	69	278	—	—	—
	Nov. 21	—	52	19	642	1,708	17	42	99	349	—	—	—
Total	1984 Aug. 15	1,097	2,413	2,098	4,054	17,157	2,063	5,195	645	9,137	865	15,389	16,442
	Nov. 21	1,421	2,566	2,243	4,500	19,827	2,155	5,408	688	9,602	828	16,039	17,119
of which in sterling	1984 Aug. 15	1,096	609	677	3,976	6,600	1,750	4,750	615	7,610	864	15,282	16,376
	Nov. 21	1,420	553	755	4,296	6,953	1,764	4,938	660	7,846	828	16,024	17,036
Changes in total lending in three months ended:													
In sterling	1984 Aug. 15	+213	− 62	+ 91	−422	+222	−139	+210	+ 20	+400	+ 11	+557	+754
	Nov. 21	+324	− 56	+ 78	+320	+353	+ 14	+188	+ 45	+236	− 86	+642	+660
In other currencies†	1984 Aug. 15	—	− 53	− 53	+ 20	+735	+ 53	+ 72	+ 7	− 66	—	+ 2	− 4
	Nov. 21	—	+ 71	− 39	+117	+1,485	+ 53	− 9	− 5	+112	—	+ 7	+ 12
Group detail (total outstanding) (sterling and other currencies)													
Retail banks	1984 Aug. 15	76	624	433	1,156	1,445	734	2,688	254	5,607	836	10,317	12,261
	Nov. 21	164	824	532	1,199	1,494	716	2,739	267	5,687	797	10,364	12,781

* Comprises loans, advances and acceptances. Loans and advances include lending under DTI special scheme for domestic shipbuilding, secured money placed with money brokers and gilt-edged jobbers and sterling time deposits placed with, and holdings of sterling certificates of deposit issued by, building societies.
† Adjusted for exchange rate effects.
‡ Includes lending under DTI special scheme for domestic shipbuilding.
§ Includes sterling time deposits placed with, and holdings of sterling certificates of deposit issued by, building societies.
¶ Secured money placed with money brokers and gilt-edged jobbers has been transferred from "Other Financial," which accounts for some of the revisions to earlier figures.
a Changes in the reporting population at mid-August accounted for some £65m (net) of the increase in total sterling lending and some £40m (net) of the increase in total other currency lending.
b Changes in the reporting population at mid-November accounted for some £22m (net) of the increase in total sterling lending and some £8m (net) of the increase in total other currency lending.

UK COMPANY NEWS

Spafax video arm heading for USM

By William Dawkins

Spafax Holdings, the privately owned distributor of automotive and engineering parts, is spinning off its corporate video production arm, Spafax Television (ST) on to the Unlisted Securities Market.

ST originated from a weekly in-house video magazine, Vanguard, established by Spafax in 1978 with the aim of improving head office communications with the parent company's 250 salesmen based at more than 30 branches scattered throughout the UK.

It was formally established as ST two years later to sell its services externally. It produces videos to assist employee communications, training, sales and marketing and corporate promotion.

Stockbrokers Hichens Harrison are placing 3.04m shares at 68p each, 80 per cent of the total—one of the largest proportional placings ever made by a USM company.

Mr Nicholas Alwyn, the chairman, and Mr Nicholas Tresillian, the group's leading producer and presenter, has agreed to buy ST from the parent company for 3.2m shares plus £150,000 in cash. They are acquiring on their own accounts 160,000 shares, 20 per cent of the total, and Hichens are placing the balance on the USM.

Spafax will receive £2.2m after expenses for its former subsidiary, and will have no holdings in ST after the placing. Mr Alwyn and Mr Tresillian have worked at ST since 1980.

ST is forecasting that profits will almost triple from £136,000 before tax to £370,000 in the year to next September. Profits for the first six months to March, however, will be lower than the previous interim's £68,000 because of the initial costs of an expansion in production capacity.

The placing price values the company at £2.6m, or 12 times prospective earnings after a 43.6 per cent tax charge.

Full recovery in sight for Electronic Rentals

A £3M profit advance is reported by the Electronic Rentals Group for the half year ended September 30 1984. And the directors are expecting the total for the full year "to comfortably exceed" the previous year's £12.3m.

Turnover in the half year rose by £3.2m to almost £97m, from which the trading surplus was £2.46m higher at £43.87m. With the benefit of a £1.3m reduction in depreciation charge to £31.46m, the profit before tax shows an increase of 70 per cent, from £4.43m to £7.49m. The interim dividend is held at 1.1667p net per share.

Mr J. T. Griffiths, chairman, says UK rental rates have remained under pressure, with strong competition in the market place, but "we have held our rental market share." Turnover from that source in the half *year came to £64.7m (£63.82m)* and profit before interest was £8.92m (£5.06m).

Overseas rental turnover moved up to £20.19m (£17.84m). And despite the adverse effect of *foreign exchange* rates, particularly the South African rand and the New Zealand dollar, profits again showed an increase, from £2.71m to £2.83m.

As mentioned last year, a limited range of electrical brown goods is being retailed from the Visionhire showrooms. The outcome is encouraging, says the chairman, and this move into retailing will be taken further.

Acceptance by substantial third parties of the servicing capabilities of the newly formed Serviscope activity is also encouraging, and this promises to become a successful business venture in the medium term, the chairman says.

The business systems division turned round from a profit of £261,000 to a loss of £262,000, on a turnover of £8.4m (£8.33m).

VISIONHIRE

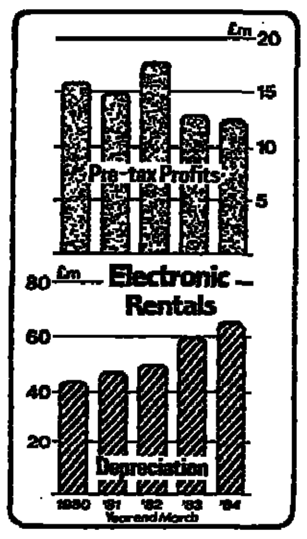
This division originally comprised a number of separate companies but is now being reorganised under the name Vistec; and it will provide a comprehensive service to computer and communications markets.

Other contributors to the results were camping and leisure with turnover of £3.7m (£3.73m) and *profits* £609,000 (£294,000), and property which showed a profit of £315,000 (£307,000).

Basic earnings are shown at 1.7p (0.9p) per share, while the cash flow was equal to 13.3p (14.5p) per share.

The cost arising from the cable network restructuring, announced in October, is estimated not to exceed £1.5m before tax relief. It will be treated as an extraordinary item in the full year accounts.

The group is continuing to withdraw from cable network activities but has retained its cable and MATV contracting activity as well as six profitable block signal cable networks.



● comment

Taking the broad view, these first-half figures from Electronic Rentals point towards a full recovery by next year if the current trading momentum can compensate for the absence of depreciation allowances on the assets of British Relay, which has recently been boosting profits. Although the rump rental side is still slow, the outlook for this is fairly good given the underlying improvement in overseas activities and the fact that ER has pulled out of cable and cleaned up the camping and leisure businesses. A no less welcome boost could come from the efforts to recycle TV seats into the market, a consequence of which will be the long-overdue trimming of the group's top-heavy debt burden which has given gearing ratios of around 100 per cent. A great disappointment must be the news that the business systems division has slipped into the red—clearly it is taking longer than planned to recover from the lost Televideo franchise. Assuming about £15.5m this year before tax at 45 per cent, the 48p shares sell on a prospective p/e of over 13—a generous rating on trading grounds alone but there is support from an historically high yield and the prospect that the dividend will be covered for the first time in three years.

Bookings record for Ryan as profits rise

THE YEAR to October 31 1984 was the first in which Dublin-based Ryan Hotels was able to gain from the rationalisation carried out in recent years without the benefits being eroded by increased VAT charges, says Mr C. McCarthy, chairman.

Pre-tax profits of this company, which operates tours and hotels, petrol stations and a travel agency jumped from I£124,000 (£107,250) to I£639,000 (£552,529) on turnover ahead at £12.52m against £11.02m.

A 0.65p final is being paid, the first dividend since a 0.25p interim in 1980, and the chairman says that trading so far is showing a significant improvement on the previous year. The company is targeting for a "substantial reduction" in the *£687,000 half year losses incurred* in 1984.

With the company's forward bookings at record levels for the remainder of the current year prospects for 1985 are described as "excellent."

All the group's hotels improved on their contribution compared with the previous year.

The company is hopeful that the UK market will show further growth — the UK market for Ryans package holidays increased by 30 per cent last year.

Forward bookings from the U.S. are stronger than ever, the chairman reports, partly due to the strong dollar. In Ireland, despite continued economic depression, home holiday sales increased by 24 per cent in the second half over the comparable *period.*

A major reason for the profit increase, however, was a reduction in operating costs the chairman says. This is continuing at all levels in all areas.

The successful placing of shares with London financial institutions has, together with improved profitability, "strengthened the balance sheet substantially," and the ratio of borrowings to shareholders' funds is now 22.1 per cent.

Jones Stroud in better position to lift profit

AS FORECAST at the last annual meeting, interim profits of Jones, Stroud (Holdings), maker of fabrics, accessories and materials *for the textile and electrical* industries, were marginally lower than those for the same period of 1983.

Profits before tax for the six months to September 30 came out at £1.54m, compared with £1.56m, but the board reports that there has been an improvement in the company's trading position and annual profits are expected to exceed the previous year's £3.36m.

Stated half-year earnings per 25p share dropped from 16.28p to 16.09p before tax, or from 9.5p to 9.17p after tax. The interim dividend, however, is *held at 2.5p net—last year's final* was 4p.

External turnover for the period rose from £16.96m to £20.21m, while trading profits were slightly down at £1.5m (1.52m). Associate's contribution was higher at £304,000 (£185,000), but this was offset by an increase in net interest payable from £147,000 to £262,000.

Tax took £639,000 (£627,000) and extraordinary charges grew from £99,000 to £288,000.

S & N ends distribution agreement with Schweppes

BY LISA WOOD

Scottish & Newcastle Breweries is to end its 11 year-*old beer distribution arrange*ments in England with Schweppes, the international soft drinks company.

As from June 30, S & N's newly re-organised sales division will take-over responsibility for sales to take-home customers in England and Wales.

Schweppes, since 1973 has performed this function on behalf of S & N although the Edinburgh-based brewer has always carried out all its own distribution in Scotland.

S & N said that while the *arrangement had been success*ful for both companies the new plans would give it greater sales control. "Sales to the off-licence trade," said S & N "are an area of growth and we are market leaders. So it is felt that in order to take full advantage we should control distribution ourselves."

The brewers Kestrel lager is the biggest selling canned lager in the take-home trade while its McEwans Export, in 16 oz cans, is the largest canned ale brand.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Cable television

Why a pioneer was left in an 'intolerable' position

Raymond Snoddy on the background to Robert Maxwell's purchase of BET's cable interests

BRITISH Electric Traction (BET) called it their "blue chip club." And from 1982 on, about 12 major companies met about once a month under the chairmanship of BET to consider how best to take a major stake in the cabling of Britain.

The intention was that the club, whose members included Barclays Bank, Plessey, Thompson International, the Prudential Assurance Group and the Dixons and W. H. Smith retailing chains, should invest up to £400m. To begin a process of eventually having cable operations in 25 UK cities Rediffusion (a BET subsidiary), on behalf of the group, applied for four pilot franchises in 1983. Cardiff, Dudley and Leicester were large enough to be commercially viable and Guildford was added as an additional small high technology showcase.

And then the blow fell—the Home Office and the Department of Trade and Industry turned down all three of Rediffusion's commercial applications and gave it only the unviable Guildford.

"That was the beginning of the end. Our investors fell away like snow in springtime and we were left on our own,' says Hugh Dundas, chairman of BET.

The story of why Rediffusion pulled out of cable—and why Maxwell has moved in—has not been fully explained until now. But the reasons provide an insight into the strategic thinking of managements faced with the problems and uncertainties involved in the development of a new industry.

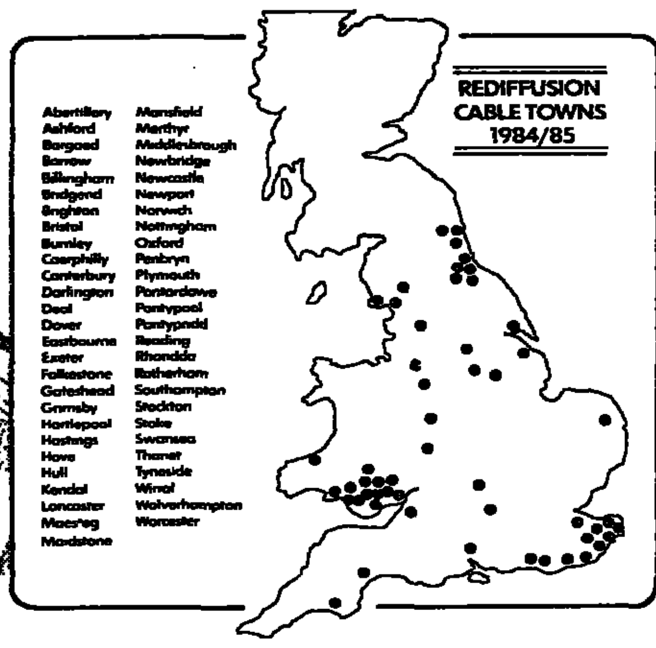
Dundas's revelations came when he explained for the first time why the pioneer of cable television, which had agitated for decades for freedom to carry more than the traditional broadcast signals, should have decided last summer to pull out at the very time when the Cable and Broadcasting Bill was becoming law.

He was talking earlier this week on the same day as operational control of all BET's cable television interests passed to Robert Maxwell, publisher of the Daily Mirror and chairman of Pergamon and the British Printing and Communications Corporation.

Robert Maxwell got Rediffusion's cable interest for the knockdown price of £9m—a figure that will involve a write-off by BET.

The change of ownership involved managerial decisions which the industry found very difficult to interpret. Was it bad news that the company which probably knew more about traditional cable than any other in the country was pulling out or good news that the swashbuckling Robert Maxwell was riding to the aid of a fledgling industry in distress.

Robert Maxwell



Hugh Dundas

When Lord Hunt, during 1982, conducted his urgent inquiry into cable the future seemed to be set fair for Rediffusion. "We did not disagree with the Government concept that new era cable would come on the back of entertainment and could be paid for by the private sector. With hindsight that concept was misplaced more as a matter of timing than anything else," says Dundas.

It would have been a different matter if it had come five years earlier before video recorders and before direct broadcasting by satellite had ever been heard of.

But although the risks were always going to be high BET thought it could do it through its blue chip club. The plan was to put all Rediffusion's cable interests in a new company, British Cable Services, in return for about 30 per cent of the equity. The other members would provide the finance.

The rejection by the Government was a bitter shock.

"I think very little of the Government decision. It torpedoed the whole strategy when the ship was already under full sail," says Dundas.

He says he immediately instituted an inquiry into the quality of the applications.

"I personally was concerned to know whether we had suffered this setback because of incompetence on our part. I asked for the applications again and I was ready to knock someone's block off. But I found they were extremely detailed and thorough," remarks Dundas.

The Government has never explained its choice but the issue in the case of Rediffusion probably involved insufficient commitment to high technology.

This setback combined with rising costs, technical delays and the phasing out of capital allowances proved "intolerable for BET," particularly after the sale of its television rental business to Granada meant the end of some shared costs.

"The decision on cable was taken on its merits but that does not mean I believe there is no future for cable or that anybody who decided to have a go is a mug. It depends on who you are and where your central interesis lie," adds Dundas.

Few people would regard Robert Maxwell as a mug and it is clear his interest in cable depends on a fundamental belief that companies heavily involved in publishing cannot afford to ignore the distribution possibilities offered by cable.

"I am interested because cable is one of the most exciting services available to improve the availability of information in people's homes, increase their skills and earnings and their use of leisure time," says Robert Maxwell.

Maxwell is clearly looking to the long term and is bullish about the "interactive" possibilities offered by cable for homebanking, shopping and working as well as the additional channels of entertainment.

He says that for his £9m he has got thre major assets: Cable networks already paid for in 53 towns; 95,000 signed contracts; in System 8 the best developed switch so far.

In a letter to all his new staff on Wednesday, Maxwell said the target for the year was to increase the number of subscribers to 200,000.

"This is," said Maxwell, "the best evidence of my full commitment to the future and development of the business, as the cornerstone of the massive and inevitable expansion of cable in Britain.' '

The information, communication and home entertainment industries were all converging and "represent a major sector of business growth for the future."

Maxwell plans to apply for several additional cable franchises although his aim is to take minority stakes and reach management agreements rather than raising all the finance himself.

It is believed that Maxwell has had talks with Lord Weinstock, chief executive of GEC, to try to revive the electronics giant's interest in the industry.

GEC is understood to be having discussions with Clyde Cablevision, one of the promising 11 pilot franchises stalled at the moment for lack of equity finance.

Maxwell believes the Government decision to 'insult" Rediffusion by turning it down for pilot licences was "a grave eror of judgment," far more serious to the industry than the withdrawal of capital allowances.

Significantly Robert Maxwell says he is prepared to forge ahead in full knowledge of the legislative and economic climate which has put others off. He has no plans to go cap in hand to the Government to seek major concessions.

"Cable has a future with the same capital allowances as are available to the rest of industry. We will not be going bleating either overtly or covertly to Government," says Maxwell defiantly.

Part of the reason for Maxwell's optimism is the improved results coming through from the salesmen pushing Rediffiusion's Cabevision channels in homes from Bristol to Swansea and Brighton to Worcester.

More than 600,000 homes have already had their cable systems cleared of the orthodox broadcasting signal and have five new channels of entertainment available.

For £4.95 a month the consumer can see Sky, the general entertainment channels, sports, childrens' and pop music channels. For £12.90 a month TEN—the Movie Channel is included.

The average penetration rate over all the systems is 19 per cent at the moment but in the autumn the success rate was much higher.

"Where we were physically making contact with people we were getting a strike rate of 27 per cent in the autumn campaign," says Ian Harkness, Cablevision marketing executive. Harkness believes as marketing skills continue to improve with experience the average can be brought up towards the peak.

The latest independent research on the viewing habits of those homes subscribing to cable contains encouraging news for cable and an early warning for Britain's broadcasters.

Satisfaction levels with the new services are high and in cable homes about 28 per cent of viewing time is spent with cable programmes—ahead of both BBC channels and second only to ITV.

Employers undecided as to the capital's costs

MORE THAN two years after the Government ceased publishing annual indices of the amounts needed to compensate employees for the higher cost of working in London, employers have yet to find an alternative common formula. Some 2m employees are involved in the capital.

The indices were abolished because Norman Tebbit, then Employment Secretary, felt the cost-compensation principle was inconsistent with the Government's view that market forces should be the main criterion determining pay levels.

Incomes Data Services, the pay research company, says in a study that no single alternative method of review has since gained general acceptance. Both employers and trade unions are wary of committing themselves to any long-term formula.

The study identifies three main options. First, employers who have traditionally concentrated on what their competitors were doing and on assessing the state of the market are largely contining to do so.

Second, some employers have raised London allowances by the same percentage increase as has been applied to their salary scales. And a third group, which wishes to retain the priniciple of cost compensation, has turned to alternative indices, including one prepared by IDS itself.

The study of more than 130 organisations shows that allowances for inner London range from £2.50 to £34 a week.

IDS's own indices, based as closely on the Employment Department's former method as possible, suggest that had the Government continued to publish its indices, the April 1984 figures would have been in the region of £25.25 for inner London and £10.25 for outer London.

The highest maximum rates in IDS's study for staff in central London are: IBM, 12 per cent of basic pay, with a maximum of £3,000 a year and a minimum of £1,440; Lombard North Central, £1,785; English clearing banks and Lloyds Bowmaker £1,725.

The IDS index showed a marginal fall in the year to April 1984, after which some organisations decided not to increase their allowances. This year an increase will be a major concern for employees following the recent fare increases of 9 per cent on London Transport and 6.5 per cent on British Rail.

London Weighting, IDS Study 329; 140 Gt Portland St, London W1.

Brian Groom

Business courses

Techniques of scenario planning, Brunel. February 4-8. Fee: £590. Details from the Secretary, Management Programme, Brunel University, Uxbridge, Middlesex UB8 3PH. Tel: 0895 56461. Ext. 215.

Corporate loan and security documentation, London. January 29-31. Fee: £275 + VAT. Details from D. C. Gardner and Co., 5/6 Bartholomew Place, London EC1A 7HH. Tel: 01-606 7644.

European financial controllers' conference, Zurich. February 27-March 1. Fee: Non-members BFr 53,000; members (AMA/I) BFr 48,000. Details from Management Centre Europe, rue Caroly 15, B-1040 Brussels. Tel: 32/2/516.19.11. Telex 21.917.

Production management in construction, Slough. January 28-February 15. Fee: £1,200 + VAT. Details from Urwick Management Centre, Baylis House, Stoke Pages Lane, Slough, Berks, SL1 3PF. Tel: 0753-34111. Telex: 296 247. Urwick G.

Swap financing, Brussels. March 4-5. Fee: Non-members BFr 52,000; members (AMA/I) BFr 47,000. Details from Management Centre Europe, rue Caroly 15, B-1040 Brussels. Tel: 32/2/2516.19.11. Telex: 21.917.

Business development 1985, London. March 5. Fee: £165 + VAT. Details from Lorraine Brown, KAE Group Limited, KAE House, 7 Arundel Street, London WC2 3DR. Tel: 01-379 6118.

Recent developments in economics, *Uxbrdge.* *February* 26-28. Fee: £395. Details from the Secretary, Management Programme, Brunel University, Uxbridge, Middlesex UB8 3PH. Tel: 0895-56461, Ext 215.

The venture capital process, London. January 14-March 18 (10 Monday evening seminars). Fee: £425. Details from the Course Organiser (F47), Management Development Centre, The City University, Business School, Frobisher Crescent, Barbican Centre, London EC2Y 8HB. Tel: 01-920 0111. Ext. 288. Telex: 263896.

FINANCIAL TIMES SURVEY

Friday January 11, 1985

Building Surveying

The end of the post-war construction boom and the switch to renovation, repair and maintenance of houses and business property has brought heavy demand for the skills of building surveyors

Growth defies recession

By William Cochrane

BUILDING SURVEYING is a young profession with a young membership. The building surveyors division of the Royal Institution of Chartered Surveyors (RICS) was not established until 1973, and a little over a year ago it was estimated that 55 per cent of the membership was 33-years-old or less.

The division's membership has been growing rapidly, a trend which is expected to continue. An RICS document, projected possible continuing growth at the rate of 12½ per cent per annum after more than a doubling of numbers between 1975 and 1983.

Mr Rob Headlam, joint senior partner of building surveyors Hunter & Partners, expects there to be around 9,000 building surveyors by 1990 against just under 6,000 at the moment.

In contrast the professionals most allied to building surveying—architects seem to be in surplus. There are between 28,000 and 29,000 in the UK. Mr Headlan estimates, of which 24,000 are Royal Institute of British Architects' members.

"We employ both architects and building surveyors in this firm," he says. "For newly qualified people the salary difference is 25 per cent in favour of building surveyors."

The 1983 RICS report emphasised the dramatic growth in the nature and scale of building surveying work during a decade of recession in the construction industry. It also outlined an aggressive programme of promotion to ensure an increasing market share.

How did all this start? The RICS report goes back to the end of the 1960s. Before that, the emphasis was on new construction rather than preservation of property. But at that time "a number of factors combined to create a springboard for the building surveying profession," the report says.

In residential property, large-scale demolition and system-built, local authority housing were losing their charms; owner-occupiers were spending more on improvement and enlargement instead of moving house; the number of rapidly deteriorating housing areas was growing; and there was a new wave of housing legislation, producing financial support for local authorities and housing associations to tackle these problems.

In commercial property there was a shortage of development land. Planning attitudes were hardening on new construction, plot ratio and density considerations. The latter often meant refurbishment of an existing property proved more profitable than rebuilding.

So refurb became big business. "The fact that, up until 1980, the numbers of operatives employed in the construction industry remained fairly constant despite the major decline in new construction, demonstrates the way in which they were redeployed into the building surveyor's sphere of operation," the RICS report says.

The report talks of building surveyors modern role as involving:

- Management of resources.
- Refurbishment, maintenance and repair of property.
- Procurement of professional services for complete construction packages.
- Changing contract procedures.
- New developments in the construction industry designed to meet social trends.

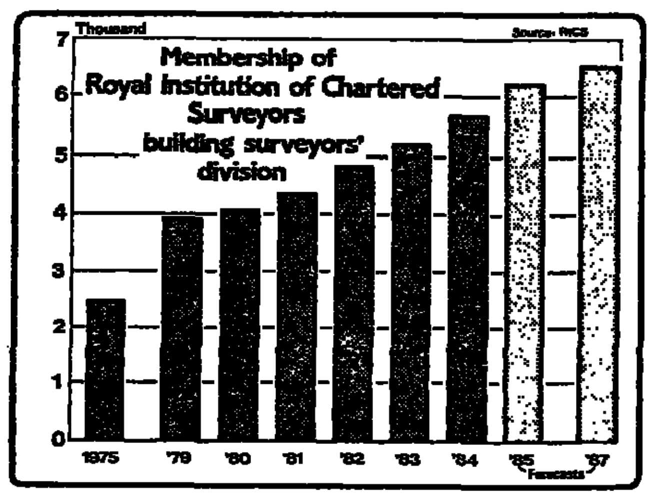
Education

That seems to have been written by committee—and a politically sensitive one at that. Mr Michael Warner, of the building consultancy department of Richard Ellis, manages to be just as oblique about what building surveyors may take away from allied professions, but much more descriptive about how they will go about it.

"Building surveying was born of the need to maintain and improve buildings, and the growth of the profession has come from our ability to sort out building problems to such an extent that we are now asked to identify problems and give our advice on a much broader basis," he says.

He thinks the building surveyor receives a broad education, not only in the structural details of buildings but also in the relative roles of every consultant and contractor involved in the development process.

"We were first the building doctors" (which suggests repair), then we became the surgeons (refurbishment / redevelopment hybrids?), and now we are almost genetic scientists." This last suggests that a building surveyor would now have strong ideas about design.



In the broad, the profusion thinks it has had a lot of success in project management because of its understanding of the many disciplines involved. Of course there are many in the other disciplines who think the same of their own profession.

Mr Warner develops his argument. "Building or structural surveys started off as advisory documents to help the client avoid buying property with bad faults. This has now developed to the point at which we are looking at buildings on a much more comprehensive basis.

"Not only do the buildings have to fulfil structural obligations but their usability, cost in use, fitting out requirements and client responsibility on dilapidations and maintenance are major factors which we have to take into account.

"It is often a case of life-cycle costing as well as an understanding of the building's physical characteristics." That brings the building surveyor into property investment decisions.

"Property users are still unsure of their obligations and their commitments under full repairing and insuring leases. It is partly due to the ability of the building surveying profession to help clients on both the tenant and the landlord side to lease and occupy buildings successfully that the profession has been called upon to provide a much broader role as the years have gone by."

So the building surveyor has a finger in the management, and marketing pies.

Mr David Gaunt, the other joint senior partner of Hunter & Partners, maintains: "The property world's conception of what a building surveyor can do is far more in place than it was five years ago."

Selling

And he includes the world outside the UK. Mr John Cooke, from the Ottawa head *office of the design and construction* branch of the Canadian Government's department of external affairs, chose Hunter and Partners from a short list of four or five firms to project manage work on MacDonald House, the 150,000 sq ft former U.S. embassy in London's Grosvenor Square.

The building will be the Canadian Government's main post in Europe. The work involves the creation of the high commissioner's official residence within the building and the upgrading and repair of the office premises.

"It was not an easy choice," says Mr Cooke. "We were highly impressed with the calibre of all the firms we interviewed."

Hunter and Partners is also busy back in Mr Cooke's homeland. It is engaged in more than 1m sq ft of construction and refurbishment projects in the U.S. and Canada, the latest a 300,000 sq ft project management and cost-control exercise for Burson Marsteller in the Park Avenue South district of New York.

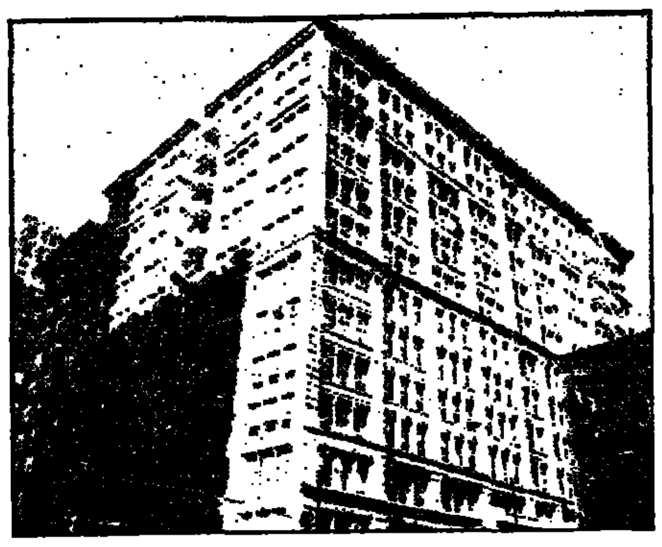
In Britain the profession is selling itself hard. It needs to. At the end of 1983 the RICS team saw many opportunities which could be grasped by a number of disciplines in the property business, plus a lack of public awareness of the *building surveyor's role.* It also noted the government's stringent economic policies working their way through to cut public sector commissions at national and local levels.

It is clear that project management will be a growth area big enough to offset the decline in public expenditure. But who will get the business? The efforts of all the professions concerned suggest a sophisticated form of Animal Farm—with most of the animals thinking that they are more equal than the others.

Mr Gaunt likes this. "It is very healthy when there is a lot of competition," he says. "I even know a lawyer who is becoming a project manager. The fight for business will mean that performance improves."

He also concedes, however, that project management will probably become a profession in its own right.

So while the fight to consolidate the building profession is a proper one, it is part of an evolutionary process which itself should strengthen the trend towards multi-disciplinary practices within the property industry — perhaps the best defence against incursions from outside.



The New York headquarters of Burson Marsteller, being renovated under the management of Hunter & Partners, building surveyors

In tune with change

Mr Stuart Povall, building surveyors' president

TODAY'S economic climate might have been made to measure for building surveyors according to Mr Stuart Povall, president of the profession's fast-growing section in the Royal Institution of Chartered Surveyors.

The post-war era of new building has given way to make-do-and-mend. Renovation and maintenance are the order of the day as owners and occupiers of office blocks, factories and homes have either run short of resources or realised the importance of keeping buildings in good condition.

"It's all dropped in our lap. We are a practical profession in tune with what is happening now. We also have a bright future, as I can't see things changing again in my lifetime," said 49-year-old Mr Povall.

Increasing demand for building surveyors' skills in getting the best out of older premises has been reflected in the explosive growth of Mr Povall's division in the RICS.

One of the main problems of this growth is attracting the right quality of entrants.

The other is to ensure that in the euphoria of expansion the profession does not outreach itself, ending with more surveyors than work available.

Mr Povall, as joint senior partner of a provincial practice, Povall Worthington, with offices spread across the north, is also well aware of the dangers of interpreting the buoyancy of the south as universal.

"If we don't get too many stars in our eyes, we will do as well as any other profession in the future," he predicted.

David Lawson

Building Surveying 2

David Lawson on the growing influence on business property

Moving out of the back room

WHILE SPECIALIST building surveying practices have enjoyed spectacular growth in dealing with commercial and industrial property, a less obvious surge has taken place in firms more known for buying and selling property than for patching it up.

This reflects a *fundamental* change in the way investors and occupiers perceive business property and an adjustment of general property consultancies to serve their new demands.

In the boom years, building surveyors tended to be part of a back-room team, providing technical services mainly in management of buildings.

"In the 1960s no one wanted a survey," said Mr Michael Warner, who heads the building department at Richard Ellis. "Property was bought as an *investment, purely on the figures.*"

There was little need to worry about a building if it was bound to find tenants quickly, who would then become responsible for repairs. Like a game of monopoly, blocks were often bought and sold unseen by some investors, and occupiers had little suspicion at that time that modern construction methods might be suspect.

Investors

The end of the boom years brought the building surveyors out of the back room. Tenants became hard to find and harder to please, while buyers began to realise that buildings needed careful inspection to ensure that they were lettable.

At the same time, modern buildings were beginning to show the weaknesses which might have been seen by proper initial inspections in the 1960s and 1970s. Worried investors were often introduced to the building surveyor members of their property advisors for the first time by a shower of falling cladding.

Mr Michael Finn

On top of this was the swing away from new construction and the need for technical advice in remodelling older property being made obsolete by the march of office technology.

Building surveyors were developing a new aura within general practices as their importance to big clients like pension funds became crucial on several fronts. And just as important in a world where *money talks louder than auras,* they became profit centres.

At Jones Lang Wootton for instance, one of the UK's largest general practices, income from the building department has increased 30-fold since 1970 while the staff has tripled to 40—almost 10 per cent of the firm's total.

Overall profits have tripled at Drivers Jonas since 1978, and the building surveyors have maintained a steady contribution of between 23 and 30 per cent of total income while staff numbers have gone up from 20 to 34.

Mr Michael Finn, the partner heading up Drivers Jonas's building department, sees the change in perception of property as a vital factor in development of the profession's work.

"Owners—and now many tenants—have realised that you don't take on a car without thought of servicing it, so you should look at a building the same way."

This is likely to remain an important source of work in the future. "Even new buildings will not be maintenance-free," he said. "Many architects fail to answer the question of how they can be cleaned, how they can be repaired—and how they can be replaced."

Project management is another growth area, and here the controversial question of replacing architects rather than buildings comes to the fore.

Architects

"The building team-leader must be able to handle development appraisal, maintenance plans, valuation and letting assessments, which are not part of an architect's training but are dealt with by surveyors all the time," said Mr Finn.

This area, which has been the traditional fief of architects, has become a battle zone between the professions, with surveyors winning more confidence from owners since the faults of modern designs have come to light.

Mr Warner points out that building surveyors were originally employed at Richard Ellis to translate designs into real terms, and some architects were not in tune with the practical problems of their work. As a project leader, the surveyor had no axe to grind compared with a designer fighting to preserve his work in the face of competing claims from the engineers, quantity surveyors and moneymen involved in creating a building.

This is also an area where building surveyors in mixed practices feel they have the edge over specialist consultants. Rather than calling in outside experts to handle letting and valuation matters, they have *their own specialist colleagues* at hand.

Mr Glen Honey, of Jones Lang Wootton, says that the advantage of mixed practice firms over both architects and specialist surveying practices is crystalised in dilapidation work, which is one of the biggest growth areas.

The huge number of leases granted in the boom years of the 1960s and 1970s are coming to an end, and tenants are responsible for ensuring that the buildings are in good condition for re-letting. They also have to compensate landlords for any rent lost during the time work is being carried out, which means assessment of costs not only involves experience of building work but also an intimate knowledge of market rents and valuation.

This is why mixed practice surveying firms not just in London but all over Britain are finding a rich vein of work to mine.

"The time is getting close for a rash of multi-million-pound claims for dilapidations," Mr Honey says.

Surveyors are not just the landlords' servants. They are becoming the barristers of the building world by also arguing for tenants in disputes, much as their valuation colleagues work in rating and rent review disagreements.

One final tip for tenants from Mr Honey is to do dilapidation work themselves where possible. Many are traders who will not have to pay value added tax, where pension fund landlords will be liable—and will add the cost onto tenants' bills.

Case Study I

WHEN Elizabeth Arden decided to move out of 20 New Bond Street in Mayfair, agents Drivers Jonas saw development potential which its building surveyors department was called in to realise. A £500,000 scheme was drawn up to convert four upper floors of small rooms into 6,500 sq ft of office space while the ground floor and basement retail space would be renovated.

As in all such cases, speed was of the essence, because potential rent would be lost during construction to the owners, the National Farmers Union.

In the event, only nine months passed between the surrender of the lease by Arden and the first tenant moving in. This was in spite of an unforeseen problem with the removal of a chimney, where it was speedily decided that an extra £20,000 on the building cost would be worth the extra 100 sq ft of lettable space and increase in capital value.

The mixed-practice structure of Drivers Jonas proved itself, as the project passed though the investment appraisal department, through the building surveyors' hands and on to the agency section for letting.

The bottom line also proved the development assessments. Construction period losses were more than covered by the £100,000 premium Arden paid to forfeit the lease and the passing rent of £100,000 a year was improved to a rental value of more than £200,000.

Office space has been let at £18 a sq ft and the retail area is yielding £85,000 a year alone.

David Lawson

Scorned newcomer takes control

Project Management

MIRA BAR-HILLEL

CLIENTS HAVE become increasingly disillusioned with traditional contracting and more likely to explore modern methods, so a new animal has emerged which not so much defies definition as attracts a surfeit: the project manager.

This creature has been the target of scorn from those who believe control of building contracts is their monopoly. But it looks as though project managers are here to stay, if only because clients are often reluctant to proceed without them.

This is because the project manager is the client's man, without question of where his loyalty, duty and responsibilities lie. Using a project manager brings the client as close as he can get to direct personal control over contracts, and increasingly they think this is worth paying for.

Who the project manager should be is another question. Many architects believe they are the only suitable profession—and yet the Royal Institute of British Architects has done little about it: its education syllabus contains even less.

On certain contracts, engineers are probably best qualified for the role, while quantity surveyors feel that project management is a natural extension of their training in cost control and are moving into it in a big way.

"We entirely understand the client wishing to have the independent advice of a quantity surveyor, but we contend that the chartered building surveyor — who is often more entrepreneurial in his thinking and a better manager—should be the natural choice as the team leader," says Mr Robert Headlam, of Hunter & Partners.

"This way the client should achieve a creative approch to obtaining value for his money."

Leadership

More ambitious is the view of Watts & Partners, who would like the project manager in control from the start. "This means possibly being involved even before a final decision to undertake a development proposal is made, through the various activities in the development process to the completion of the building—including possibly its marketing and eventual disposal."

To do this, the project manager would have to understand and translate the client's needs, as well as the roles, organisation, strengths and limitations of others involved in getting a building built. Leadership and the ability to motivate would also be important.

Watts conducted a survey of pension funds, developers and industrialists requirements from project management and will be launching a series of packages based on the findings.

These comprise:

- Initial discusions with client on outline brief, viability appraisal and advice on potential marketability of completed development.
- Comprehensive feasibility exervice, preparation of brief considering market demand in terms of layout and flexibility advice on planning, site location and assembly, and maximising site potential.
- Financial planning, information on funding and taxation.
- Selection of consultants and taxation.
- Selection of consultants and appointment of project team.
- Advice on optimism procurement option, pre-contract management and tendering and full reappraisal of the scheme before final commitment.
- To advise on communication and management structures, development of project programme and cost plan.
- Management of the construction process.
- Handover of completed development with all cost-in-use and maintenance information.
- Marketing.

Fragmentation

Building surveyors feel that they can be good project managers because their profession is sufficiently young to be flexible and tolerant of other building professions. This means a greater readiness to obtain a second opinion, call in a specialist consultant, admit fallibility and generally behave sensibly.

Buildings lore has it that the architect looks down on the quantity surveyor—who looks down on the builder. Building is fraught with fragmentation, compartmentalisation and inter-professional jealousy which is not conducive to efficiency.

By virtue of its newness, building surveying remains outside these old moulds and is in *a good position to break some.* Big inroads into project management — and success — will help it do so.

Status seekers aim to make training tougher

Education

DAVID LAWSON

THE EXPLOSIVE growth in demand for building surveyors in the last decade has left this newly recognised profession in something of a dilemma. It desperately needs more newcomers to help handle the increasing workloads, but cannot afford to lower standards to win them.

In fact there is pressure to raise standards, making it more difficult for the average entrant to qualify.

This paradox is not as illogical as it first seems. Many leading surveyors believe that raising demands on school-leavers who wish to enter degree courses, and on graduates training in the business would increase the status of the profession.

There is evidence that many school-leavers (and their parents) have seen little merit in building surveying in the past other than as a left-over choice for those who could not become an accountant, lawyer, or even some other sort of surveyor. It had little recognition as a separate profession and was weighed down by a bricks-and-motar, technical image.

Evolution

When the building surveyors division of the Royal Institution of Chartered Surveyors sat down to examine the problems of the profession in 1983 it found that many places on degree courses were unfilled. Increasing work meant an expansion of between 10 and 15 per cent a year in membership was needed—yet there was already scope to expand by 12½ per cent by filling all the available places on courses.

Raising academic standards was seen as part of a drive to fill these places through changing the appeal to school-leavers. At the same time, the RICS has been pushing its members to talk to teachers—particularly careers officers—about the role of surveyors and the bright prospects available.

"We have not got across to careers officers what is on offer," says Mr Stuart Povall, president of the RICS building surveyors division. "A private practice building surveyor can earn as much as an architect or accountant, and probably more than an engineer."

This raising of standards is a fairly natural part of the evolution of a profession. Most have at one time been through the process of switching from part-time or correspondence courses to degree entry, as the building surveyors have since the 1970s. And most have also ended up suffering some internal dissent.

Mr John Overall, chairman of the division's education and *membership committee, is* aware of the hard-headed businessmen in the profession who demand more "office fodder" rather than new educational techniques. He comes across them in his position as head of the department of estate management at North-east London Polytechnic.

But he seems ready for more squeals of protest with plans for reforming the two years of work experience and the Test of Professional Competence these graduates need to complete their qualifications.

The 1983 study, which Mr Overall helped to write, saw this ultimate "licence to practice" as the RICS's main lever for raising standards, since direct entry by graduates had removed the close control on education it had exercised under internal examinations.

Mr Overall says the TPC was seen as "a sham," involving only a 5,000-word analysis which was often merely a diary of events instead of a critical analysis by the student surveyor.

A new form of training and *test would involve more rigorous* examination of professional skills. It has been accepted by divisional committees of the RICS but now had to be guided through the storms likely to blow up over demands for extra time employers would have to devote to training.

The picture is again a common one among professions feeling the pains of change and growth. Employers need more help, but by the very nature of the problem many do not feel they have the time to sacrifice towards proper training.

Meanwhile, in the background hover disagreements about how many new members the profession needs. Time lag is a problem; it takes five years to train a surveyor to minimum standard, so there are fears that what is a shortage today could turn into a deluge in future. Doubts have been aroused by the problems of architects and town planners who found that after raising numbers to meet demand there were more people than work available by the time new entrants had been trained.

Yet the prospects for such miscalculation seem much less likely in building surveying considering the likely long-term increase in workload. The most important factor seems to be *a fine tuning of* training *to* widen the scope of the profession to meet the construction industry's new demands.

ANNA WILLIAMS, a 25-year-old graduate of building surveying at Leicester Polytechnic, was the first beneficiary of an educational trust set up last year by *Hunter & Partners.* The £4,000 bursary will fund the first year of research into the re-use of *obsolete,* multi-storey industrial buildings in inner cities.

Leicester Polytechnic which produces about 35 building *surveying graduates* a year, bases *its* course on the study of the life-cycle and performance of buildings.

"This approach is important in finding out why redundant industrial buildings are empty and what can be done to refurbish them," says Ms Williams.

One of three women in her year, Ms Williams believes that building surveying is a man's world "Only because there are more men than women in it."

Seven universities and polytechnics run courses approved by the Royal Institution of Chartered Surveyors as providing exemption from building surveying final examinations.

Glasgow College of Building—diploma (four years).

Leicester and Liverpool Polytechnics—BSc.

Universities of Reading and Salford—BSc

South Bank and Thames Polytechnics, London—BSc

Entry requirements vary, but generally involve a minimum of English and Maths at O level, plus two A levels with grades totalling an equivalent to six points (A=5, B=4, etc).

More than 200 places are available each year, most at polytechnics.

Profile: John Collins

Shaking off a cloth-cap image

AS BOTH a chief building surveyor and an architect, Mr John Collins of Nottinghamshire Country Council is well placed to comment on the relative positions of the two professions in the public sector.

He was a building surveyor *in a mixed-discipline private* practice for 15 years before deciding that the qualification was not well enough known, especially outside London, to give his career scope. He took a three-year university course, qualified as an architect and then set up in practice on his own. Two years later in 1975, a £1m project on which he had been concentrating his resources foundered. His search for new employment led to his appointment as chief building surveyor for Nottingamshire.

Mr Collins' years in private practice have made him a firm believer in the multi-disciplinary approach to property management. Nottinghamshire has taken some strides in this direction although the housing estates are still formally *run from the* architect's department.

The department is setting up property data, condition surveys and maintenance audits, looking at the cost-in-use of the country's £700m worth of buildings. The £60m annual running cost and maintenance budget is split between various departments.

"But there is an obvious need to look at the budget corporately," Mr Collins says. "If only 1 per cent can be saved, that is a lot of money."

In a multi-disciplinary property department, both architects and building surveyors should have a valuable role. Although Mr Collins has seen building surveyors making progress within the local authority career structure over the years, the fact that architects are generally better paid means that the partnership is not yet equal.

"Maintenance has traditionally had a cloth-cap image, but this is fast being shaken off," Mr Collins says. Cuts in capital works by local authorities decitate that refurbishment will become a much more important part of workloads.

"While the building surveyor's training is suited to this kind of work, architects may feel less attracted unless they have a special interest in building and component performance," he says.

However, lack of opportunities for public sector new *building* may lead more architects to take a look at the building surveyor's traditional work, and some may choose to make it their career, Mr Collins believes.

In Mr Collins' department, which controls a £15m annual budget, the problems are more *immediate.* There is a need for a 38 per cent increase in the maintenance budget, and only essential repairs are being carried out to the county's schools, roads, and public buildings.

Preventative work such as internal painting is not being done, and lack of funds have disrupted planned maintenance which Mr Collins believes is important to stop buildings decaying to a point where replacement costs are higher than repair.

C. W.

Search for recognition

Public Sector

CHRISTINE WHELAN

MAINTENANCE of publicly-owned housing and other buildings is an important, if politically unattractive activity. The Royal Institution of Chartered Surveyors believes that its building surveyor members are ideally suited to supervise this task at a senior level in local authorities, but feels there are too few in this position and they are insufficiently recognised.

The success of building surveyors in private practice is one reason why their public sector colleagues, if not exactly poor relations, are lagging. Building surveying graduates are snapped up by private sector firms offering higher salaries and perhaps a more *glamorous* image. The result is a lack of top-quality entrants to the public sector.

The Property Services Agency, the largest employer of building surveyors in the public sector is concerned enough to have taken up the problem with RICS.

Inside the local authority career structure, the building surveyor has traditionally taken second or third place to architects and civil engineers.

Chief building surveyors are not usually in chief executive position and building surveyors are often part of architects' department. In public bodies like the Health Service and the Post Office, senior positions such as regional works officer or regional estates officer are held by architects, engineers or general practice surveyors.

There are exceptions, however, and the position has improved over recent years. In 1975, for example, only a handful of the members of the Chief Building Surveyors Society were in fact chartered building surveyors. Now the proportion has risen to 40 per cent, all occupying senior positions in county councils

Mr Martin Kingsford, recently appointed director of housing in the London borough of Kensington *and Chelsea, is* the first building surveyor to have gained such a post in London. Building surveyors are also in top posts at the Post Office, at British Rail Property Board, and in the PSA.

Yet still profession's qualities are still not being fully exploited in the *public* sector according to the RICS.

It believes that the building surveyor's education, which provides a detailed knowledge of construction and the ability to recognise and correct defects quickly, is invaluable—particularly now that the emphasis of public authorities is on refurbishment rather than new-build.

The institution also points out that in the *private* sector building surveyors are becoming more involved in the design and construction monitoring of commercial *projects*—areas where the architect has trditionally been strong. Refurbishment of offices, for example, is an area in which private firms of chartered building surveyors have excelled, and there is considerable scope for this kind of work in the public sector.

Architects are conscious of the higher profile of building surveyors in the private sector and aware of the strategy which the building surveyors' division of the RICS has identified as the way forward for the profession in both public and private sectors.

How far building surveyors in public service avail themselves of the opportunities is dependent partly on their attitude towards public sector work and *partly on the speed of change* within local authorities and public bodies.

Professional differences apart, building surveyors in public practice often find themselves in a frustrating "stop-go" position which makes forward planning difficult. Construction—or more *specifically maintenance*—tends to be the first area in which cuts are made when times are difficult.

It is also the first area into which excess money can be channelled at the end of a year. While on the one hand any extra money is welcome, it can disrupt the *building* and *maintenance* programme.

Maintenance may not win votes, but lack of it almost certainly loses votes, which perhaps explains the ambivalent attitude, at once prudent and open-handed, of some local authorities.

Rising workload from faulty construction

Defects Analysis

MIRA BAR-HILLEL

TOWARDS THE end of last year, the Lord Chancellor's Law Reform Committee produced the conclusions of its deliberations of almost four years on the problems of "latent damage". Two important court cases in the 1970s had saddled professionals with virtually open-ended liability for negligence, and the Committee recommended a cut-off "which should bar a plaintiff from initiating court action more than 15 years from the defendant's breach of duty, irrespective of whether damage has occurred."

If formed into law, this means designers would no longer live in fear of court action decades after the event—perhaps involving their estate after their deaths. Professional indemnity insurance, which had become difficult and expensive to obtain, should be more available again.

For owners the message is slightly different: you had better discover any latent defects in your building within the 15 years. No wonder industry wags are predicting a surge in demand for the services of building surveyors in about 14 years as owners rush to beat the cut-off.

When (and if) the time comes, the profession should be able to cope with the challenge, although owners may do well to stagger the demand. Nor will building surveyors have to wait 14 years to demonstrate their expertise: defects analysis is already a growing proportion of their workload.

Repairs

This summer, Mr Bill Allen, defect specialist and trouble-shooter, published a report predicting that over the next decade the London Insurance industry would have to pay more than £1bn to owners whose properties are faulty. Another £1.2bn would be required to repair faulty hospitals, universities, schools, leisure centres and other non-residential public buildings.

The cost of public sector housing repairs seems to rise with each new report. Under latest legislation, up to £14,000 will be paid to each of 14,000 former tenants who bought defective pre-cast reinforced concrete homes. The Association of Metropolitan Authorities' estimated the cost of rectifying reflects in post-war system-built housing at about £10bn—leaving aside the concrete homes is has not sold and probably never will.

This is one of the markets Hunter & Partners aims to move into. The firm took a stand at last summer's Institute of Housing exhibition where they featured a cross-section of non-traditional houses, detailing common defects and possible solutions. Since then the practice has sent questionnaires to every local authority in Britain in an attempt to take research into concrete homes further than the Building Research Establishment was able to in its studies.

Many details will not become known until all returns are analysed in the next few months. But Mr Edward Keelaghan, who heads Hunter's public housing effort, says one main culprit is already known. Carbonisation of the concrete, often aggravated by chlorides in the mix, is causing failure of the reinforcing rods. Only chemical analysis can tell whether the process can be arrested or has gone too far.

If replacement is the only solution, a structural engineer will be needed. Many building surveyors see their own readiness to admit limits to their expertise and to call in specialists as a factor which can sometimes protect building owners' interests: some architects may be reluctant to do so.

Investment

"The building surveyor is the professional go-between whose judgment helps bring into sharp focus all the different facts abouta building, so that those who are to spend the money do so wisely," says Mr Colin Banyard, a Hunter partner.

It matters little if the owner is a City institution, a local authority or a long-term tenant, he says. The building surveyor's role is to weigh up all the factors, hidden and obvious, past, present and future, and present the client with a complete appraisal.

Watts & Partners, a large private practice with 27 chartered building sruveyors, found that defects analysis has arisen from 2 per cent of their turnover five years ago to 25 per cent now. The firm's largest case to date involves defects worth £4.5m.

It believes that the practice has to be large enough to warrant the investment required to provide the service. Watts has brought sophisticated equipment such as fibre-optic probes for investigation into building cavities and cover meters for determining the amount of concrete cover provided to steelwork. It also calls on other specialists who can provide video drain inspection equipment and hydraulic hoists which allow rapid close inspection of high buildings without expensive scaffolding.

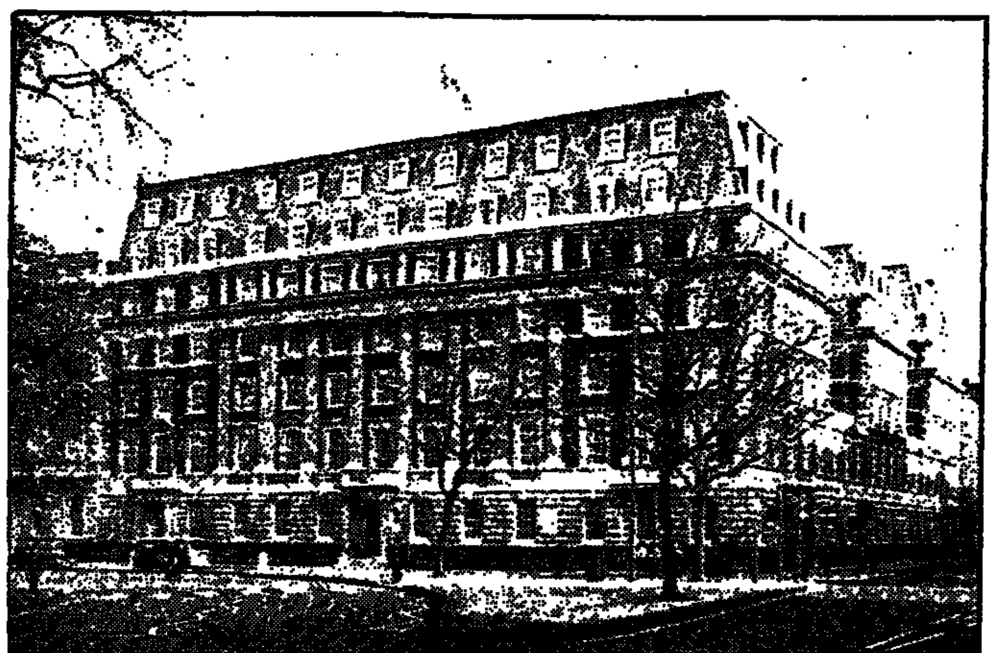
Once defects are suspected, rapid action is usually recommended. Watts finds that the rapid response service, which produces a survey and initial report within seven to 10 days of receiving instructions, is in regular demand in spite of the premium fee.

The need to look further than immediate defects is emphasised by Mr Banyard. He sees the nub of defects analysis as the projection of future problem areas by looking at the effectiveness of the design and its fitness.

The first step is an examination of the building, he says. The second is a careful examination of the design and the construction details in an effort to relate them to published information on defects.

This is one of the problem areas, not just for building surveyors. A sub-committe of the National Economic and Development Office building and civil engineering committee has been trying to suggest ways of making published defects information more accessible to building professionals, but has made little progress.

A building surveyor's services do not necessarily end with a final report on the defects. Watts feels they should be extended to the specification and supervision of the remedial work—and even further, to look after the building's wellbeing from then on. This final point leeds full circle to the building surveyor's original role in husbandry.



Case Study II

Value of building doubled

LISTED buildings can provide a special challenge to owners seeking to modernise space or squeeze out extra rental income. Two surveying firms, Abbotts and Hunter & Partners, took up the challenge on 20 Buckingham Gate, London SW1 (left), for Carrerras Pension Fund and managed to add almost 30 per cent to the lettable area and more than double the value.

Abbotts saw the initial potential, and convinced the fund, before bringing in Hunter to manage the construction team. The building surveyors had to guide through delicate negotiations with Westminster council planners to win permission for extensions into a reshaped roof and reforming the floor slab to create usable space in the basement.

Some elaborate construction work was involved in supporting the entrance hall and moving the entrance steps. The overall effect was to improve the amount of net lettable space both by rationalising what was available and adding extra space.

The total cost was about £400,000 and the building was let last year to the United Nations. The capital value soared from £650,000 before refurbishment to £1.45m after letting.

David Lawson

Profile: Hunter & Partners

Anticipation of trends brings rich rewards

HUNTER & Partners attribute success and growth as a practice to anticipating trends rather than following them. *Their development* charts the course many building surveying firms have travelled over the past two decades, as this young profession was finding its feet.

When Mr Robert Headlam and Mr David Gaunt joined Hunters in 1970, the bulk of the work was the traditional structural survey of houses or involvement in party wall disputes. At the same time, the building boom of the 1960s was coming to a disillusioning end and the pendulum was swinging back towards conservation and rehabilitation.

The public sector was then at the vanguard of the trend, and refurbishment budgets were relatively generous. The Greater London Council and many of the London boroughs badly wanted to improve run-down stock, were imaginative in their approach and open-minded to ideas about how to go about it.

The young practice thrived in this environment. With this kind of work making up some 90 per cent of turnover, they put their best efforts into it.

Among the results: computerised specifications, rolling refurbishment programmes, four-day packages and "tenant in place" modernisations, which helped give massive programmes a human face and reduced the need for socially disruptive "decanting."

It was an exciting period, formative and full of important lessons — and it ended abruptly in 1979.

"The writing was clearly on the wall," said Mr Gaunt. "We foresaw the difficulties councils would have with a newly-installed government pledged to control public spending."

Hunters decided to balance public sector and private sector workload. Experience gained in the previous decade gave the firm the confidence to tackle prestige refurbishments, not only of residential but commercial property as well, and before long their reputation was established among developers and funding institutions.

Five years on from the watershed, the half-and-half balance has been achieved—but not entirely without problems.

As the public sector waned faster than the private one grew, some 30 per cent of the 1979 staff could not be kept on. Mr Headlam puts a brave face on what must have been a painful experience and prefers to talk about the "benefits of rationalising."

Another problem unfamiliar to public sector practitioners which had to be mastered was the planning system under which local authorities give themselves permission—a bone of contention with all design professionals.

On the bright side were the joys and challenges of refurbishing listed buildings. It was Hunters' growing involvement with this kind of work which has led them to set up an architectural wing—a decision which some fellow building surveyors have criticised.

"Although the two professions have very different temperaments, a great deal can be gained from close co-operation," Mr Gaunt insists. "The surveyor needs the architect's design ability, while the architect needs the technical, financial and management skills of the building surveyor—especially when dealing with existing buildings."

Maintenance

Mr Headlam sees it from another angle: "Increasingly clients will be looking for a single management and design source. Building surveying is still involved with remedying past construction faults, but the best way to ensure there are none in the future is by having the two disciplines under one roof."

The firm, with 130 staff in Britain, can now take on mass surveys of property portfolios for clients including British Telecom and London Regional Transport, as well as planned maintenance programming and project management.

Its U.S. office, set up in 1978, also cut its teeth on public housing projects but found Reaganomics pushing it towards the private sector. Current projects involve more than 1m sq ft of offices, with the largest single project — fitting out a Manhattan office block—worth $25m.

Mira Bar-Hillel

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SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Friday January 11 1985

Florida may burst orange juice price bubble, Page 34

WALL STREET

Volcker provides impetus

PRICES bounded forward on Wall Street yesterday afternoon after Mr Paul Volcker, the Federal Reserve chairman, said in Washington that U.S. inflation was probably now down to the face seen at the beginning of the economic recovery, *writes Terry Byland in New York.*

Leading stocks surged ahead after reports of the speech had reached the trading floor, and the market enjoyed its best day's trading since the massive one-day gain on December 19.

Heavy buying of the blue-chip stocks pushed the Dow Jones industrial average ahead to close a net 20.76 points up at 1,223.50, the best of the day and the highest level since November 8.

Turnover at 125.5m shares exceeded all recent levels except for the two days of exceptionally heavy turnover in December.

The stock market started slowly with the Dow three points lower and bonds down by ½ point on nervousness ahead of the money supply announcement due at the end of the day. Following Mr Volcker's favourable comments on inflation, heavy institutional buying lifted IBM, General Motors, Ford and most other market leaders.

The bond market rallied strongly, only to slump back after the money supply news to end with net losses of ½ point.

Another cut in broker loan rate, this time from Bankers Trust, helped the market, while disappointment at the absence of further cuts in bank prime rates, following Wednesday's reduction by Southwest Bank of St Louis, soon passed.

The market was pleased with the first quarterly reports from the industry. Chemical Bank, $1⅛ up at $35⅛, Bank of New York, $⅞ up at $36⅞, and Barnett Banks of Florida, $1⅞ up at $43¾, all responded to good results.

AT&T was $⅝ better at a new high of $20⅝ supported by heavy institutional buying. IBM gained $3¼ to $123⅜, Burroughs $2⅛ to $58¼ and Honeywell $1⅛ to $57. IBM stock has moved narrowly while awaiting 1984 results, which have to match the high growth rates expected of the computer monarch if Wall Street is to be satisfied.

Ford gained $1¾ to $46, and General Motors $2¼ to $79⅝ as the market braced itself for good results for the final quarter. There was brisk trading in both motor groups.

Oil stocks were narrowly mixed despite comment in the investment press on the implications of the slide in world oil prices. Texaco joined the list of U.S. companies lowering prices it will pay for crude. Exxon added $½ to $45¼, and Texaco rose $⅛ to $34⅛.

Turnover in Occidental, $1 higher at $26⅝, died down. Diamond Shamrock eased $⅝ to $18¼ after boardroom indications that it might itself seek acquisitions. Among possible targets, Amerada-Hess added $¾ to $24⅝ and Kerr-McGee $⅛ to $26½. Also active was Schlumberger, which added $1 to $36¼.

Airline stocks proved a dull sector after adverse comment in the investment press, warning that fare cutting could still slice profits. Recent favourites to suffer included American Airlines, $⅛ off at $36⅝.

Features elsewhere included further speculative buying of the Continental Illinois holding stock, created as part of the restructuring of the bank. The value of this stock – $¼ up at $1⅜ yesterday – hangs on the success of the Federal Reserve in disposing of the bad loans of the Chicago bank, and some Wall Street traders take an optimistic view.

A rise in the federal funds rate to above 8 per cent discouraged the short end of the credit market, where Treasury bill rates added five to eight basis points. Other money market rates were sluggish.

The bond market was cautious ahead of the money supply figures, however, and the key long bond ended 15/32 down at 101 27/32.

LONDON

Easier tone as profits are taken

LEADING equities settled easier on the day in London yesterday after three straight sessions in which record closes had been achieved.

Sustained end-account selling by professional operators and investors was reflected in a 5.7 decline in the FT Ordinary share index during early trading.

The institutions, however, took no part in the sell-off, and they later committed fresh funds to blue-chip issues. This drove the index up 4.1 at 3pm, before it settled to close down 0.7 at 982.4.

British Telecom was the star performer rising to 121½p before closing 5p higher on balance at 120p, following the announcement of its half-year profits.

Chief price changes, Page 28; Details, Page 29, Share information service, Pages 30–31

HONG KONG

A SHARP inflow of foreign funds and expectations of further declines in interest rates drove shares to their highest level for 18 months in Hong Kong, in heavy trading.

The Hang Seng index gained 48.60 to 1,318.55 – the sharpest one-day gain since August 2 1984, when Britain announced that agreement had been reached for return of the colony to China in 1997.

The breach of the 1,300 chart level took some analysts by surprise, coming just 2½ weeks after the 1,200 mark was achieved and six weeks after 1,100 was breached.

Property companies did particularly well, with Cheung Kong HK$1 higher at HK$12.30. The diversified Swire Pacific gained HK$1.20 to HK$23.40.

SINGAPORE

SHORT-COVERING and bargain-hunting helped pick Singapore up from the two-year low seen on Wednesday. The Straits Times industrial index rose 5.83 to 776.28 – ending the three consecutive days of falls which eroded more than 25 points.

Bank shares which were under pressure during the previous session rebounded, with DBS up 22 cents to S$5.20, OCBC 25 cents to S$8.75 and OUB 14 cents to S$3.76.

Sime Darby added 6 cents to S$1.69 following its agreement to merge its insurance interests in Malaysia and Asia with those of the East West group of companies.

AUSTRALIA

THE FIRST significant gains of the year were displayed by shares in Sydney with the mood buoyed by improved world bullion prices and the lower dollar.

Some bargain-hunting in the improved investment climate also helped to push the All Ordinaries index up 7.4 to 723.0.

Early gains were recorded in the mining and resource sectors, while banks were also higher in heavy demand.

SOUTH AFRICA

IMPROVED DEMAND took gold shares sharply higher in Johannesburg as the bullion price held on to its overnight improvement.

Vaal Reefs gained R7.75 to R175.50 while Blyvoor was 60 cents ahead at R16.60.

De Beers fell 15 cents to R8.25 following the latest diamond sales figures from its Central Selling Organisation.

CANADA

MODEST advances in most Toronto sectors managed to mask the effect of a sharp decline in property issues, leaving the market ahead on balance.

Among actively traded industrials, Inco advanced C$¼ to C$16⅞, and Alcan shed C$¼ to C$37¾ while Imperial Oil dipped C$⅛ to C$40⅛.

Montreal edged higher in busy trading.

TOKYO

New peak despite caution

ENCOURAGED by the rise on Wall Street, investors continued buying in Tokyo yesterday, taking the Nikkei-Dow market average to the third consecutive all-time high, *writes Shigeo Nishiwaki of Jiji Press.*

The indicator closed up 60.81 at 11,824.38, but turnover fell to 502.14m shares from Wednesday's 591.94m. This was the market's fourth straight daily advance, with the index having gained 279.22 during the four days. Advances outnumbered declines 448 to 315, with 131 issues unchanged.

As prices soared rapidly, however, investors became wary of the stock exchange's stepped-up price regulation, and the pace slowed. Massive buy orders were placed in the morning, and the Nikkei-Dow index spurted 97 points, but investors later retreated to the sidelines with the number of transactions falling sharply in the afternoon.

Laggards among blue chips were bought, reflecting Wall Street's advance and rises in American Depository Receipts of Japanese issues. Hitachi jumped Y15 to Y885, while Sony added Y190 to Y3,970. Fujitsu added Y40 to Y1,400, and Pioneer remained popular, closing Y110 higher at Y2,990.

Konishiroku Photo gained Y45 to Y680, at the start of its video cassette production for "8mm video" camera-recorders. Toto and Kao went up Y31 to Y740 and Y23 to Y830, respectively.

Non-residents continued as net buyers, and analysts said this helped push up blue chips.

Biotechnology-related stocks, which had led the way up, came under profit-taking pressure, with Asahi Chemical and Toyama Chemical losing Y8 to Y706 and Y19 to Y876 respectively. Toyojozo finished at Y1,630, up Y20, after registering a Y80 gain at one stage.

Profit-taking also hit Nissan Chemical, down Y7 at Y347, and Mitsubishi Chemical, Y14 lower at Y359.

The exchange started announcing the daily margin trading balance of Nippon Oil and Fats in view of highly speculative trading in the stock, but it remained popular and with 16.29m shares of the stock changing hands was the most active. Its price advanced Y30 at one point but finished only a net Y3 higher at Y628.

Investors stayed away from the bond market despite the yen's rally, as the Bank of Japan sold Y200bn worth each of short-term government securities and bills drawn for sale. The sales apparently reminded investors of the central bank's bill selling operation about 18 months ago, which led to the collapse of bond prices.

The yield on the barometer 7.3 per cent government bonds maturing in December 1993 rose to 6.515 per cent, from Wednesday's 6.505 per cent.

EUROPE

Record level momentum maintained

THE MOMENTUM that carried many European bourses to peak levels early this week was extended yesterday as records were set again in West Germany, the Netherlands, France and Italy.

Wall Street's overnight buoyancy combined with corporate developments in many centres to fuel foreign investor appetite, whetted by potential currency gains made possible by the strength of the dollar.

Turnover on most exchanges was heavy, and profit-takers emerged from the wings on cue.

Frankfurt indices hit new peaks – the Commerzbank index rose 4.7 to 1,146.1 – but they did not reflect the profit-taking that developed late in the session.

Porsche led the quality car sector with a DM 5 rise to DM 1,060 while BMW shed DM 3.50 to DM 383.50. In the financial sector Allianz gained a further DM 4 to DM 1,067, while associated insurer Munich Re rose DM 3 to DM 524.50.

In weaker banks, Dresdner at DM 195 and Bayerische Vereinsbank at DM 337 each lost DM 1.50 after announcing the purchase of 5 per cent stakes in the large aerospace group MBB.

Thyssen firmed 60 pfg to DM 84.60 on forecasts of further profits for its special steels unit.

Bonds dropped as much as 30 basis points, and the Bundesbank bought DM 35.6m in paper after Wednesday's sales of DM 25.5m.

Heavy foreign demand edged **Amsterdam** to a record. The ANP-CBS index rose 1.7 to 188.6, with blue chips and internationals benefiting most. Royal Dutch/Shell proved the exception with a loss of Fl 1.10 to Fl 172.50, despite the firmer oil trend.

Unilever, a North American favourite, surged Fl 6 to Fl 323.50, a 12-month high.

Akzo's profit details caused some disappointment but finished 60 cents ahead at Fl 102.80. Amev scored a year's high with its Fl 4.50 rise to Fl 226.50.

The forecast by Philips of higher than targeted 1984 profits arrived too late to effect its share price, but a West German Cartel Office probe into an undisclosed German subsidiary dampened some investor ardour and left the group only 30 cents stronger at FL 56.70.

Bonds peaked again on brisk foreign demand.

Interest rate optimism took an active **Paris** to a record, with the CAC General index gaining 2.30 to 189.00.

Export-sensitive issues performed well, although CIT-Alcatel moved against the trend with a FFr 20 drop to FFr 1,260. Most food and drink-related names gained, with Moët-Hennessy FFr 19 higher at FFr 1,939 although Perrier fell FFr 3.90 to FFr 483.

Profit-taking eroded some of the strength of **Zurich**, although the underlying belief that local interest rates were heading down aided sentiment.

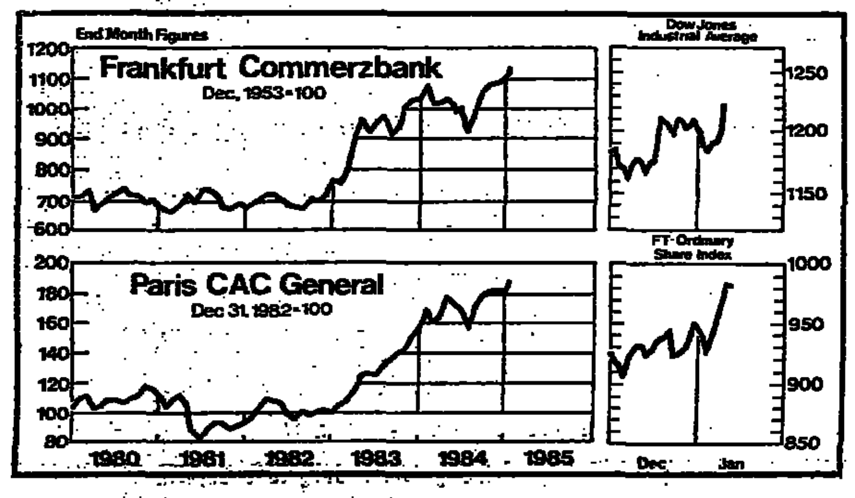
Medium-sized banks extended their recent advances, with Bank Leu SwFr 30 up at SwFr 3,850, while Zurich Insurance added SwFr 25 to SwFr 19,050 ahead of its Brazilian venture. Jacobs Suchard scored one of the best gains of the session, a SwFr 125 rise to SwFr 6,550, while Ciba Geigy in chemicals firmed SwFr 10 to SwFr 2,590, despite a large write-off against a West German joint venture.

The persistent strength of the dollar had little impact on a fairly active bond sector.

Another 12-month high for **Milan** took Italcementi L1,510 higher to a record L71,500, while Fiat extended its good fortunes with a further L10 rise to L2,190, a rise of L125 in three days. Lower bank prime rates continue to give the market strength.

Brussels made small gains in thin trading, while a very active **Madrid** recouped all the losses of the previous two days. Foreign buying was evident in heavy **Stockholm** budget-day trading, with banks the only weak sector.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Jan 10	Previous	Year ago
NEW YORK			
DJ Industrials	1,223.50	1,202.74	1,278.48
DJ Transport	569.97	564.44	608.17
DJ Utilities	147.36	147.16	133.62
S&P Composite	168.31	165.18	167.95
LONDON			
FT Ord	982.4	983.1	796.0
FT-SE 100	1,261.0	1,259.2	1,034.3
FT-A All-share	606.91	605.35	485.32
FT-A 500	667.31	665.74	518.48
FT Gold mines	462.7	451.3	554.6
FT-A Long gilt	10.42	10.36	10.12
TOKYO			
Nikkei-Dow	11,824.38	11,763.57	10,016.2
Tokyo SE	930.94	926.4	748.02
AUSTRALIA			
All Ord.	723.1	715.6	776.2
Metals & Mins.	403.8	395.2	549.2
AUSTRIA			
Credit Aktien	58.76	58.73	55.28
BELGIUM			
Belgian SE	2,160.06	2,153.45	–
CANADA			
Toronto			
Metals & Minls	1,968.8	1,946.9	2,521.0
Composite	2,381.1	2,359.1	2,582.9
Montreal			
Portfolio	119.16	117.88	127.83
DENMARK			
Copenhagen SE	159.75	159.28	223.54
FRANCE			
CAC Gen	189.0	187.7	165.9
Ind. Tendance	104.0	103.4	87.8
WEST GERMANY			
FAZ-Aktien	394.39	392.73	355.31
Commerzbank	1,146.1	1,141.4	1,050.0
HONG KONG			
Hang Seng	1,318.55	1,269.95	943.34
ITALY			
Banca Comm.	241.96	238.21	203.28
NETHERLANDS			
ANP-CBS Gen	188.6	186.9	164.3
ANP-CBS Ind	150.8	149.8	135.6
NORWAY			
Oslo SE	312.49	308.79	232.09
SINGAPORE			
Straits Times	776.28	770.45	1,037.23
SOUTH AFRICA			
Golds	965.5	939.7	817.4
Industrials	913.1	824.8	968.0
SPAIN			
Madrid SE	106.40	104.94	73.50
SWEDEN			
J & P	1,426.88	1,417.51	1,512.16
SWITZERLAND			
Swiss Bank Ind	402.9	403.5	381.6
WORLD	**Jan 9**	**Prev**	**Year ago**
Capital Int'l	186.4	185.6	186.8

GOLD (per ounce)

	Jan 10	Prev
London	$303.75	$300.55
Zürich	$303.25	$298.00
Paris (fixing)	$304.37	$300.04
Luxembourg	$304.30	$298.65
New York (Feb)	$304.30*	$305.50

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Jan 10	U.S. DOLLAR Previous	STERLING Jan 10	STERLING Previous
$	–	–	1.1335	1.142
DM	3.143	3.163	3.5675	3.6075
Yen	253.7	255.015	287.25	290.25
FFr	9.6325	9.685	10.995	11.03
SwFr	2.635	2.6515	2.99	3.02
Guilder	3.549	3.565	4.0375	4.065
Lira	1,941.0	1,937.5	2,198.25	2,214.5
BFr	63.1	63.2	71.6	72.15
C$	1.32145	1.32025	1.497	1.5095

INTEREST RATES

	Jan 10	Prev
Euro-currencies (3-month offered rate)		
£	10¼	10 7/16
SwFr	4 13/16	4 13/16
DM	5⅝	5 11/16
FFr	10⅝	10⅝
FT London Interbank fixing (offered rate)		
3-month U.S.$	8⅝	8¾
6-month U.S.$	8 13/16	8⅞
U.S. Fed Funds	8⅛*	8⅛
U.S. 3-month CDs	8.00*	8.00
U.S. 3-month T-bills	7.74*	7.69

U.S BONDS

	Jan 10* Price	Jan 10* Yield	Prev Price	Prev Yield
Treasury				
9⅞ 1986	99 27/32	10.00	99 29/32	9.93
11⅝ 1992	101 9/32	11.39	101 9/32	11.36
11⅝ 1994	100 29/32	11.50	100 29/32	11.46
11¾ 2014	101 19/32	11.53	99 24/32	11.65
Corporate				
AT & T				
10⅜ June 1990	95⅞	11.40	95⅞	10.40
3⅞ July 1990	73⅞	10.25	73⅞	10.25
8⅜ May 2000	77	12.10	77	12.10
Xerox				
10⅞ March 1993	94	11.80	94	11.80
Diamond Shamrock				
10⅜ May 1993	91⅝	12.25	91⅝	12.25
Federated Dept Stores				
10⅜ May 2013	86¾	12.30	86¾	12.30
Abbot Lab				
11.80 Feb 2013	94½	12.50	94½	12.50
Alcoa				
12⅜ Dec 2012	96⅛	12.75	96⅛	12.75

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Mar	71–05	71–16	71–03	71–18
U.S. Treasury Bills (IMM) $1m points of 100%				
Mar	91.92	91.98	91.91	91.99
Certificates of Deposit (IMM) $1m points of 100%				
Mar	91.21	91.26	91.19	91.28
LONDON				
Three-month Eurodollar $1m points of 100%				
Mar	90.86	90.91	90.84	90.93
20-year Notional Gilt £50,000 32nds of 100%				
Mar	106–08	107–09	106–08	107–06

COMMODITIES

(London)	Jan 10	Prev
Silver (spot fixing)	534.45p	514.70p
Copper (cash)	£1,172.50	£1,163.50
Coffee (Mar)	£2,324.50	£2,315.50
Oil (spot Arabian Light)	$28.375	$28.15

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
22½	14½	AnzPS	2 60	12	8	1230	22½	21¼	22½	+ ½
28½	23	AriP	pf3 58	13		29	28½	27¾	28½	
95¼	79	AriPpf	10 70	12		290	86½	86½	86½	+ ¼
27¼	13¼	ArkBst	40	2 2	8	354	18⅛	17½	18	+ ½
27⅛	16	Arkla	1 08	6 3	14	1351	17⅛	16⅝	17¼	+ ⅝
1⅛	¼	ArlnRt				302	13-32	⅜	⅜	
13⅛	9⅝	Armada			27	5	12½	12⅛	12½	+ ⅛
23⅛	9	Armco				1365	10⅝	10⅜	10⅝	+ ⅜
33½	18	Armc	pf2 10	9 8		24	21½	20⅞	21½	+ ½
20½	15⅜	ArmsR	s 48	2 3	8	36	u20⅞	20⅛	20⅞	+ ⅝
34	22¼	ArmWin	1 20	3 6	10	1205	34	33⅛	33⅞	+ ½
29	18½	AroCp	1 20	4 3	9	20	28⅛	27⅞	27⅞	– ⅛
29⅝	13¼	ArowE	20	1 2	8	79	16¼	15⅞	16¼	+ ⅛
22½	16	Artra	22	1 2		25	17⅞	17⅝	17⅝	– ⅛
19⅞	14	Arvin	s		8	3680	u22	19⅛	21¼	+1⅜
46⅝	34⅛	Arvin	pf 2	4 0		15	u50½	47	50½	+4½
34½	17⅝	Asarco				242	19⅛	18⅝	19	+ ⅜
29½	20⅞	AshlOil	1 60	6 2		186	25⅝	25⅛	25⅝	+ ¼
40¼	33⅛	AshlO	pf4 50	12		1	39	39	39	+ ¼
40⅛	31½	AshlO	pf3 96	11		8	37¼	36⅞	37¼	+ ½
61½	45⅛	AsdDG	2 60	4 8	9	1669	54	52⅝	54	+1⅛
98	73	AsdD	pf4 75	5 5		4	86⅛	83½	86½	+3
28⅛	18⅜	Athlone	1 60	7 2	18	74	22⅛	21½	22¼	+ ⅛
25	19⅞	AtCyEl	2 48	10	8	257	24⅞	24½	24⅝	– ⅛
52½	40⅝	AtlRich	3	6 9	16	5213	43½	42⅛	43½	+1
347⅛	283	AtlRc	pf 3	1 0		1	288	288	288	–3½
38⅛	32½	AtlRc	pf3 75	10		z320	35⅛	34⅞	35⅛	
125	97	AtlRc	pf2 80	2 7		4	103	102	102⅛	+1½
20	13⅛	AtlasCp				44	13⅞	d13⅛	13⅝	
44⅛	19⅛	Augat	32	1 4	15	672	23½	21⅞	23	+1⅛
40⅛	29½	AutoDt	62	1 5	18	1604	u40½	39⅛	40⅛	+1⅛
49⅞	24	AvcoCp			10	134	u50	49⅞	49⅞	+ ⅛
99⅛	52	Avco	pf			9	99⅛	99	99	
23½	15⅝	AVEMC	60	3 1	11	2	19⅛	19⅛	19⅛	– ⅛
32	23	Avery	60	1 9	14	426	31¼	30½	31⅛	+ ⅜
15	10	Avnet	n		6	33	12½	12⅛	12½	
47⅝	27	Avnet	50	1 4	14	2520	36¼	34⅝	35¼	+1

Continued on Page 27

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 28

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 26

Continued on Page 28

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

Jan. 10	Price Sch %	+ or —
Creditanstalt	226	—1
Goesse	336	......
Interunfall	405	......
Laenderbank	226	......
Perlmooser	361	+1
Steyr-Daimler	164	......
Veitscher Mag	254	+4

BELGIUM/LUXEMBOURG

Jan. 10	Price Frs.	+ or —
B.B.L.	1,860	—10
Banq. Int. A. Lux.	5,530	......
Bekaert B.	4,490	—10
Ciment CBR	2,510	+5
Cockerill	264	+6
Delhaize	6,580	+40
EBES	2,860	—5
Electrobel	8,190	+100
Fabrique Nat	2,080	—15
GB Inno BM	3,100	+5
GBL (Brux)	2,070	......
Gevaert	3,645	+15
Hoboken	6,140	......
Intercom	2,090	+5
Kredietbank	7,710	+90
Pan Hldgs.	9,900	+50
Petrofina	6,960	—20
Royale Belge	10,100	—50
Soc. Gen. Banq	3,245	—5
Soc. Gen. Belge	1,830	+10
Sofina	7,500	—30
Solvay	4,150	+30
Stanwick Intl.	1,450	......
Tractionel	3,985	—15
UCB	4,960	+90
Wagon Lits	2,320	—20

DENMARK

Jan. 10	Price Knr %	+ or —
Andelsbanken	259	+2
Baltic Skand	540	......
CopHandelsbank	262	......
D. Sukkerfab	470	+10
Danske Bank	263	+1
De Danske Luft.	1,085	......
East Asiatic	135	—4
Forenede Brygg.	780	......
Forenede Damp.	97	......
GNT Hldg	352	......
I.S.S.B.	345	......
Jyske Bank	499	+19
Novo Ind.	1,350	+5
Privatbanken	226	+1
Provinsbanken	*313*	......
Smidth (F)	231	—2
Sophus Berend	885	+5
Superfos	405	+3

FRANCE

Jan. 10	Price Frs.	+ or —
Emprunt 4½% 1973	1,660.1	+10.1
Emprunt 7% 1973	8,135	+20
Accor	240.5	+0.5
Air Liquide	546	—4
BIC	550	+14
Bongrain	*1,716*	+18
Bouygues	715	—5
BSN Gervais	2,429	+24
CIT-Alcatel	1,260	—20
Carrefour	1,855	+17
Club Mediter'n	1,112	+17
Cie Bancaire	694	+9
Cofimeg	243.5	+1.5
Damart	*2,448*	+28
Darty	1,130	+31
Dumez S.A.	705	—14
Eaux (Cie Gen)	654	—1
Elf-Aquitane	232	—2
Essilor	2,910	+5
Gen. Occidentale	657	—1
Imetal	79	—0.6
Lafarge Coppee	375	—4.7
L'Oreal	2,365	—15
Legrand	1,959	+19
Maisons Phenix	215.5	+0.5
Matra S.A.	1,758	—2
Michelin B	812	+4
Midi (Cie)	2,170	+22
Moet-Hennessy	1,939	+19
Moulinex	92.3	+1.3
Nord Est	*76.4*	+1
Pernod Ricard	705	—3
Perrier	483	—3.9
Petroles Fra.	254.4	+3.3
Peugeot S.A.	262	+2.5
Printemp.Aus	193	+2.5
Radiotech	220	+7.9
Redoute	1,232	—3
Rousel-Uclaf	*1,680*	......
Sefimeg	290	......
SkisRossgnol	1,900	+25
Telemech Elect.	2,250	......
Thomson CSF	445	—6
Valeo	225	—5.5

GERMANY

Jan. 10	Price Dm.	+ or —
AEG-Telef.	107.2	+1.1
Allianz Vers	1067	+4
BASF	183.5	—1
Bayer	194	—0.6
Bayer-Hypo	336.5	—1.5
Bayer-Verein	337	—1.5
BHF-Bank	284	—1
BMW	383.5	—3.5
Brown Boveri	200.8	+0.8
Commerzbank	175.3	+59.5
Cont'l. Gummi	117.5	—0.2
Daimler-Benz	613.8	+0.8
Degussa	343	—1.9
D'sche Babcock	160	—4.5
Deutsche Bank	399	—2
Dresdner Bank	195	—1.5
GHH	164.3	—0.3
Hochtief	485	......
Hoechst	188.1	—5
Hoesch Werke	99.7	+0.2
Holzmann (P)	383	—7
Horten	178	—0.5
Hussel	310	—2
Karstadt	242.2	+0.2
Kaufhof	224	......
KHD	254.5	—2.5
Kloeckner	*75.7*	+1.4
Linde	399.5	+1.5
Lufthansa	192	—3
MAN	159.3	—0.1
Mannesmann	157.4	+0.4
Mercedes Hld.	551.6	+1.6
Metallgesell	218.7	+0.7
Munech Rueck	1200	
Nixdorf	634.5	+8
Porsche	1060	+5
Preussag	254.8	—0.2
Rhein West Elect	169	......
Rosenthal	248.5	—0.5
Schering	457	—2.5
Siemens	496	—1
Thyssen	84.6	+0.6
Varta	177	......
Veba	*174.7*	—0.8
V.E.W.	124.2	—0.3
Verein-West	303	+1
Volkswagen	210	—1

ITALY

Jan. 10	Price Lira	+ or —
Banca Com'le	17,900	......
Bastogi-IRBS	187	—3
Centrale	2,420	+50
Credito Varesino	4,300	+32
Fiat	2,190	+10
Finsider	57	+2.75
Generali Assicur.	*36,125*	+645
Invest	2,925	......
Italcementi	71,500	+1510
La Rinascenti	650	+11
Montedison	1,365	—10
Olivetti	6,955	......
Pirelli Co	3,580	+20
Pirelli Spa	2,000	+32
Snia BPD	*2,237*	+59
Toro Assic	13,980	+380
do. Pref	10,799	+304

NETHERLANDS

Jan. 15	Price Fls	+ or —
ACF Holding	193	+0.5
AEGON	157.5	+2.5
Ahold	205.5	+5.5
AKZO	102.8	+0.6
ABN	331.5	+1.5
AMEV	226.5	+4.5
AMRO	72.8	+1
Bredero Cert	153	+3
Bos Kalis Westm.	13	—0.2
Buehrmann-Tet	78	+1.5
Calland Hldgs	33.5	+0.2
Dordtsche Pet'm	159.4	+0.4
Elsevier-NDU	121.8	+3.1
Fokker	*92*	+1
Gist Brocades	175	+1
Heineken	150.3	—0.2
Hoogovens	63.8	+0.8
Int Mueller	42.5	......
KLM	47.3xc	—0.3
Naarden	48.1	+0.1
Nat Ned Cert	271	+1.8
Ned Mid Bank	159	+4
Nedlloyd	*162.5*	—0.4
Oce Grinten	290.8	+2.8
Ommeren (Van)	28.1	+0.5
Pakhoed	73.8	+1.8
Philips	56.7	+0.3
Robeco	70.1	+0.5
Rodamco	136.6	—0.1
Rolinco	63.4	+0.1
Rorento	43.6	......
Royal Dutch	172.5	—1.1
Unilever	323.5	+6
VMF Stork	144.5	......
VNU	216	+2
West Utr Bank	123	+0.5

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NORWAY

Jan. 10	Price Kroner	+ or —
Bergens Bank	167	+2.5
Borregaard	376	+1
Christiania Bank	160.5	......
DenNorske Cred	166	+2
Elkem	124.5	+0.5
Kvaerner	172.5	......
Norsk Data	400	+2.5
Norsk Hydro	112	—1.5
Storebrand	224	+9

SPAIN

Jan. 10	Price Pta %	+ or —
Bco Bilbao	314	+3
Bco Central	310	......
Bco Exterior	203	......
Bco Hispano	173	+3
Bco Popular	390	+9
Bco Santander	333	......
Dragados	170	+2
Hidrola	64.7	+1.7
Iberduero	67.5	+1.8
Petroleos	156.7	+2.7
Telefonica	102.2	+2.5

SWEDEN

Jan. 10	Price Kronor	+ or —
AGA	366	......
Alfa Laval	203	+3
ASEA (Free)	355	+15
Astra (Free)	365	+15
Atlas Copco	110	+2
Cardo (Free)	276	—2
Cellulosa	128	......
Electrolux B	268	+6
Ericsson	270	+4
Esselte	305	—5
Mo Och Domsjo	295	......
Pharmacia	808	—7
Saab Scania Free	430	......
Sandvik	390	+20
Skandia	258	—7
Skan Enski'da	69	......
SKF	184	+3
St Kopparbergs	170	+4
Sven Handlesbn	199	+1
Swedish Match	*268*	+11
Volvo B (Free)	230	+2

SWITZERLAND

Jan. 10	Price Frs.	+ or —
Alusuisse	740	—1
Bank Leu	3,850	+30
Brown Boveri	1,495	+25
Ciba Geigy	2,590	+10
do. (Part Certs)	2,130	+30
Credit Suisse	2,375	—25
Elektrowatt	2,740	+25
Fischer (Geo.)	*633*	......
Hoff-RochePtCts	90,750	—25
Hoff-Roche 1/10	9,075	—250
Jacobs Suchard	6,550	+125
Jelmoli	1,965	+25
Landis & Gyr	1,650	+5
Nestle	5,890	—65
Oer-Buehrle	1,300	—10
Pirelli	*270*	+1
Sandoz (Br)	7,500	......
Sandoz (PtCts)	1,212	+72
Schindler (PtCts)	665	+10
Sika	1,120	—10
Surveillance	4,045	+30
Swissair	1,085	—13
Swiss Bank	364	—2
Swiss Reinsce	8,950	+100
Swiss Volksbk	1,490	—5
Union Bank	3,670	+10
Winterthur	5,535	—5
Zurich Ins	19,059	+25

AUSTRALIA

Jan. 10	Price Aust $	+ or —
ANZ Group	5.1	+0.06
Alliance Oil Dev	1.05	......
Ampol Pet	1.75	......
Ashton	0.77	—0.01
Aust Cons Ind.	1.97	+0.05
Aust. Guarantee	2.62	—0.03
Aust. Nat. Inds	2.36	—0.06
Aust. Paper	2.3	+0.01
Bell Group	4.6	......
Bell Res	4.4	—0.05
Bond Corp Hldgs	1.17	—0.01
Boral	3.18	—0.3
Bougainville	1.6	+0.06
Brambles Inds	3.52	+0.04
Bridge Oil	*2.3*	......
B.H. Prop	4.98	+0.1
CRA	4.9	+0.12
CSR	2.75	+0.04
Carlton Utd	4.30	......
Castlemaine Tys.	4.3	......
Coles (G.J.)	3.98	+0.03
Comalco "A"	2.05	+0.03
Consolidated Pet	*0.49*	......
Costain Aust	1.3	......
Dunlop Aust	1.9	+0.05
Elders IXL	3.06xc	+0.01
Energ Res	1.45	+0.03

AUSTRALIA (continued)

Jan. 10	Price Aust. $	+ or —
Gen Prop Trust	2.09	—0.01
Hardie (James)	2.96	+0.01
Hartogen Energy	2.3	+0.05
Herald W'yTimes	3.6	+0.15
ICI Aust.	2.05	+0.02
Jimberlana F.P.	0.3	......
Kia Ora Gold	0.11	......
Lend Lease	5.12	+0.02
MIM	2.35	—0.05
Mayne Nickless	2.9	+0.06
Myer Emporium	1.72	+0.04
Nat. Aust. Bank	3.55	+0.04
News	10.9	—0.4
Nicholas Kiwi	5.18	......
North Bkn Hill	1.98	+0.06
Oakbridge	0.67	......
Pancont'l	0.9	......
Pioneer Conc.	1.68	+0.04
Poseidon	2.7	—0.1
Queensland Coal	*1.1*	+0.03
Reckitt & Coln	3.1	+0.03
Repco	1.1	+0.01
Santos	6.32	+0.06
Smith (Howard)	3.37	......
Thos. Natwide	1.8	+0.07
Tooth	6.8	......
Vamgas	3.05	—0.05
Western Mining	2.71	+0.09
Westpac Bank	3.42xc	+0.01
Woodside Petrol.	0.95	+0.03
Woolworths	2.59	......
Wormald Intl	3.18	—0.01

HONG KONG

Jan. 10	Price H.K.$	+ or —
Bank East Asia	25	......
Cheung Kong	12.3	+1
China Light	14.4	+0.4
Evergo	1.5	......
Hang Seng Bank	46.5	+1
HK Elect ric	7.15	+0.25
HK Kowloon Wh.	5.5	+0.35
HK Land	4.02	+0.07
HK Shanghai Bk.	9	+0.3
HK Telephone	59	+1.5
Hutchison Wpa.	19.1	+0.6
Jardine Math.	9	+0.3
New World Dev.	5.3	+0.15
Orient O'seas	2.75	......
Oseas Trust Bk.	2.92	+0.05
SHK Props	8.55	+0.45
Shell Elect	1.98	......
Swire Pac A.	23.4	+1.2
TV—B	5.6	+0.05
Wheel'k Mard A.	4.1	+0.05
Wheel'k M'time	1.13	......
World Int. Hldgs.	1.85	+0.07

JAPAN

Jan. 10	Price Yen	+ or —
Ajinomoto	1,120	+30
Alps Electric	2,090	+110
Amada	1,120	—30
Asahi Chem	705	—8
Asahi Glass	910	+10
Bridgestone	548	+20
Canon	1,470	+30
Casio Comp	1,860	+30
Chugai Pharm	1,080	+30
Citizen	*680*	+18
Daiei	625	......
Dai Nippon Ptg	995	+15
Daiwa House	575	......
Ebara	333	—1
Eisai	1,440	—30
Fanuc	11,850	+250
Fuji Bank	1,310	—60
Fuji Film	1,730	+60
Fujisawa	1,080	—40
Fujitsu	1,400	+30
Green Cross	1,700	+60
Hasegawa	365	—3
Heiwa Real Est	683	+28
Hitachi	685	+15
Hitachi Credit	1,210	+30
Honda	1,300	+30
House Food	*701*	+1
Hoya	2,180	+70
Itoh (C)	376	—4
Ito. Yokado	2,620	+50
Iwatsu	1,450	+80
JACCS	336	......
JAL	5,420	+30
Jusco	740	—5
Kajima	283	—2
Kao Soap	630	+23
Kashiyama	620	......
Kirin	547	......
Kokuyo	959	+54
Komatsu	470	+4
Konishiroku	680	+45
Kubota	323	+1
Kumagai	610	—2
Kyoto Ceramic	6,860	+110
Maeda Const	475	+3
Makino Milling	1,220	+60
Myakita	1,020	+20
Marubeni	333	+7
Marudai	558	—2
Marui	1,080	+40
MEI	1,590	+10
M'ta Elec Works	*142*	+16
M'bishi Bank	1,410	+10
M'bishi	675	+2
M'bishi Elec.	409	+3
M'bishi Estate	688	—7

JAPAN (continued)

Jan. 10	Price Yen	+ or —
MHI	253	—4
Mitsui Co	355	—7
Mitsui Estate	705	—4
Mitsukoshi	385	—12
NOK Insulators	960	—1
Nihon Cement	217	......
Nippon Denso	1,350	+10
Nippon Elect	1,250	—70
Nippon Express	346	—4
Nippon Gakki	1,480	—80
Nippon Kokan	140	—1
Nippon Oil	862	—23
Nippon Seiko	646	—11
Nippon Shimpan	610	—27
Nippon Steel	153	—1
Nipppon Suisan	343	—11
NTV	13,390	—10
Nippon Yusen	255	......
Nissan Motor	620	—10
Nisshin Flour	475	—9
Nisshin Steel	*176*	......
Nomura	930	—2
Olympus	1,240	—90
Orient Leasing	3,350	—10
Pioneer	2,990	—110
Renown	646	—1
Ricoh	970	+12
Sankyo	960	—15
Sanyo Elect	465	—3
Sapporo	418	—2
Sekisui Prefab	666	—2
Seven-Eleven	8,990	—20
Sharp	1,090	......
Shimadzu	834	—6
Shionogi	705	—10
Shiseido	1,170	—30
Sony	3,970	+190
Stanley	*935*	+100
S'tomo Bank	1,730	—30
S'tomo Elect	935	—1
S'tomo Marine	633	+3
S'tomo Metal	152	+1
Taihei Dengyo	500	......
Taisei Corp	205	—4
Taisho Pharm	1,050	......
Takeda	790	—8
TDK	5,260	—280
Teijin	444	—4
Teikoku	645	—4
Tokyo Marine	765	......
TBS	840	—1
Tokyo Elect Pwr	1,650	......
Tokyo Gas	171	—1
Tokyo Sanyo	737	—12
Tokyo Style	*750*	......
Tokyu Corp	321	+9
Toppan Print	890	—10
Toray	452	—11
Toshiba Elect	435	—15
TOTO	740	—31
Toyo Seikan	830	—12
Toyota Motor	1,290	—10
Victor	2,040	—140
Wacoal	*726*	+16
Yamaha	718	—38
Yamanouchi	2,700	......
Yamazaki	615	—5
Yasuda Fire	630	—9
Yokogawa Bdge.	444	—35

SINGAPORE

Jan. 10	Price $	+ or —
Boustead Hldgs.	1.55	+0.02
Cold Storage	2.52	—0.01
DBS	5.2xa	+0.22
Genting	4.76	—0.06
Haw Par. Bros.	1.95	+0.02
Hong Leong Fin.	2.96	—0.04
Inchcape Bhd.	2.45	—0.1
Keppel Shipyard	1.46	—0.01
Malay Banking	6.35	—0.05
Malay Utd. Ind	2.36	+0.07
Multi Purpose	0.91	......
OCBC	8.75	+0.25
OUB	3.76	+0.14
Public Bank	1.66	+0.05
Sime Darby	1.69	—0.06
Singapore Press.	6.7	......
Straits Trdg	4.4	—0.06
Tat Lee Bk.	2.82	—0.05
UOB	4.2	—0.08

SOUTH AFRICA

Jan. 10	Price Rand	+ or —
Abercom	1.2	......
AE&CI	7.6	......
Anglo Am Coal	40	......
Anglo Am Corp	23.75	+0.35
Anglo Am Gold	170	+1
Barclays Bank	15.5	......
Barlow Rand	10.25	......
Buffels	69	—0.75
CNA Gallo	2.5	......
Currie Finance	4.2	—0.5
De Beers	8.25	—0.15
Driefontein	52.25	+1.5
FS Geduld	47	+1
Gold Fields SA	26.5	+0.5
Highveld Steel	3.75	......
Nedbank	11.1	......
OK Bazaars	14.25	—0.25
Protea Hldgs	1.4	......
Rembrandt	29.75	+0.75
Rennies	14.25	......
Rust Plat	15.5	+0.1
Sage Hldgs	7.3	......
SA Brews	6.55	......
Smith (CG)	21.5	......
Tongaat Hulett	6.8	......
Unisec	5	......

OVER-THE-COUNTER

Nasdaq national market, closing prices

Stock	Sales (Hnds)	High	Low	Last	Chng
AFG	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ASK	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ATE	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

A—A, B—B, C—C, D—D, E—E, F—F

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES

Anchor Chemical	194	+ 9
Assoc Dairies	158	+ 8
Beazer (CH)	396	+10
Bestwood	213	+43
Brit Telecom	130	+ 5
Burton	452	+21
Carpets Intl	37	+ 5
Empire Stores	112	+10
Falcon Res	253	+25
Fst Nat Finance	81	+ 5
Gates (Frank G)	91	+31
Kelsey Inds	220	+25
Ladbroke	279	+ 7
Martin (RP)	408	+28
Neill (James)	155	+18
Pentland Inds	335	+35
Riley Leisure	57	+11
RTZ	597	+14
Sketchley	362	+12
TI	250	+12
Utd Biscuits	217	+ 8

FALLS

Tr 10% 89	£97⅞	— £⅝
Tr 13¾ 00/03	£119½	— £⅞
BTR	622	—11
Grand Met	308	— 7
M & Southerns	114	—10
Mebon	85	—10
Oliver Pros	85	—20
Thorn EMI	465	—10

Continued on Page 36

CANADA

TORONTO

Closing prices January 10

Sales	Stock	High	Low	Close	Chng
317	Abti Prce	$33	33	33	
1511	Daon Dev	240	222	236	+15
3075	Daon A	280	270	270	
60633	Denison A	$16⅛	15⅞	16⅛	+ ⅛
19310	Denison B f	$14½	14½	14½	+ ½
7000	Develcon	$7⅛	7⅛	7⅛	+ ⅛
1128	Dickenson A f	460	450	450	—15
200	LL Lac	$26½	26½	26½	+ ½
1110	Loblaw Co	$19	18¾	19	+ ¼
700	MDS H A	$18¼	18¼	18¼	
1400	MICC	290	275	275	— 7
59891	Mclan H X	$22¼	22½	22¼	+ ½
5006	Merland E	440	440	440	— 5
46208	Sydney o	26	30	26	+ 3
800	Teck Cor A	$9⅞	9⅞	9⅞	
12250	Teck B f	$10⅛	10¼	10⅛	+ ⅛
300	Teledyne	$10¼	10¼	10¼	— ¼
17300	Tex Can	$35¼	35¼	35¼	— ¼
3900	Thom N A	$49	49	49	+ ½

Total sales 12,089,318 shares

MONTREAL

Closing prices January 10

Total sales 2,659,862 shares

NEW YORK STOCK EXCHANGE CLOSING PRICES

Continued from Page 27

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

X—Y—Z

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 27

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

S—S—S, T—T—T, U—U—U, V—V—V, W—W—W, X—Y—Z

LONDON STOCK EXCHANGE

MARKET REPORT

Telecom continue remarkable upsurge but other leading shares lose momentum

Account Dealing Dates

Option *First Dealings	Declara- tions	Last Dealings	Account Day
Dec 24	Jan 10	Jan 11	Jan 21
Jan 14	Jan 24	Jan 25	Feb 4
Jan 28	Feb 7	Feb 8	Feb 18

* "New-time" dealings may take place from 9.30 am two business days earlier.

London equities sailed through an early morning squall yesterday and emerged in pursuit of the 1,000 mark; for the fourth session in a row, the FT Ordinary share index attained new peaks before closing only marginally off at 982.4. A continuation of the recent strong tone had seemed highly unlikely at one stage. Soon after 10 am, dealers ran into a bout of sustained end-Account selling from both professional operators and investors. This reflected the desire to realise the often substantial profits built up during the extended three-week trading Account, which ends today.

The institutions took no part in the sell-off. Most played a waiting game and as soon as the selling had run its course committed fresh funds to their favourite stocks. Many blue chip dealers suddenly found themselves again short of stock, and ahead of Wall Street's opening numerous leading shares were posting net gains on the session.

Sterling's fresh dive to another all-time low failed to influence buyers until the after-hours' trade. Its continued weakness, combined with easier New York trends early yesterday, then affected sentiment. The upshot was that the FT Ordinary share index, which had fluctuated between 5.7 down at 10 am and 4.1 up at 3 pm, settled 0.7 off on the session at 982.4.

Riding high again at the top of the day's most active stocks list, **British Telecom** went from strength to strength. Announcement of the group's half-yearly profits, in line with those forecast in the BT prospectus, was followed by heavy investment demand which took the price up to a record 121½p before a close of 5 up on balance at 120p.

Introduction of the new short Gilt traded option contract, although successful, made little impact. Sterling worries returned to haunt the market after the strong rally of the two previous days and prices fell back. The probability of fresh Government funding at 3.30 pm today also made for nervousness and losses finally ranged to ⅜ at both ends of the market. Signals for slightly cheaper U.S. money were masked by the possibility of resumed pressure shortly on UK interest rates.

FNFC wanted

The banking sector was notable for a strong revival in perennial takeover candidate, **First National Finance Corporation**; rumours of an imminent bid lifted the price to a new peak of 82p in active trading before a close of 5 higher on the day at 81p. Elsewhere, **Kleinwort Benson** again reflected bid hopes with a fresh rise of 15 to 425p, while **Wintrust** ended the same amount better at 255p. Far-eastern influences prompted a gain of 5 to 102p in **Hong Kong and Shanghai**, but **Royal Bank of Scotland** cheapened 8 to 250p following vague talk of a pending rights issue. The major clearers became unsettled by adverse comment. Recently beleaguered **Midland** eased 5 to 348, while **NatWest** softened a few pence to 610p.

Sporadic bouts of profit-taking put the brake on recently buoyant Life Insurances before buyers reappeared and the closing trend was a shade firmer. **Legal and General** ended 2 up at 575p, after 568p.

Leading Breweries reacted to profit-taking although dealers reported only minimal selling. **Bass** eased 8 to 503p, while **Whitbread A**, 231p, and **Allied-Lyons**, 164p, gave up 5 and 4 respectively. Regionals, on the other hand, attracted sizeable demand, again under the lead of **Greenall Whitley**, 7 up for a two-day advance of 15 at 179p. **Matthew Brown** remained lively and rose 10 more to 308p, while interest was again noted for Liverpool-based **Higsons**, 7 better for a two-day gain of 14 at 100p.

A brisk two-way trade left the majority of leading Building issues with modest gains. **Blue Circle** closed 3 dearer at 485p, after 480p, but **BPB Industries** settled a penny cheaper at 272p, after 275p. Buyers predominated in **Tarmac** which finished 4 higher at 518p. **Costain** remained a firm counter and rose 4 more to 378p, while **Taylor Woodrow** hardened 5 to 375p on news that the British Rail Pension Trustee Company now holds a 5.02 per cent stake. Elsewhere, "new time" buying in a restricted market lifted **J. Smart** 4 to 65p. Timber issues were unsettled by **Magnet and Southerns'** disappointing half-year profits which fell some £3m short of market estimates; **M & S** fell 10 to 114p, while **Meyer International** settled a penny cheaper at 130p, after 132p.

Business in **ICI** was largely technical due to the fluctuation of the sterling exchange rate and the close was unchanged at 750p, after 744p. Among other Chemicals, **Anchor** revived with a gain of 9 to 194p, while **Wolstenholme Rink**, in which G.M. Firth recently increased its stake, gained 15 more to 215p in a limited market. **Moreean** hardened a couple of pence to 188p in reply to good annual results, but USM-quoted **Mebon** fell 10 to 85p following poor interim figures.

Burton up again

Leading Stores shrugged aside initial uncertainty to record some exceptional rises. **Burton** were again to the fore and touched 453p before settling for a two-day gain of 31 at 452p; the Warrants closed 25 higher at 393p. **Woolworth** also returned to favour and spurted 21 to 614p. Elsewhere, Mail-orders attracted renewed demand and **Empire** improved 10 more to 112p, while **Grattan** hardened 4 to 174p. Press comment lifted **Dunhill** 6 to 283p. **Selincourt** firmed 1½ to 17½p on the decision to cut its losses on its French Tricosa operation.

The near-28 per cent contraction in **Thorn EMI's** interim profits to £40.2m disappointed—the market was hoping for a figure of nearer £45m—and the shares immediately fell to 460p. A rally ensued, however, and the shares quickly recovered to 468p before easing again late to close a net 10 down on the day at 465p. Other major Electricals were overshadowed by Thorn and British Telecom, but **BICC** managed to attract considerable support and closed 5 better at 262p, after 272p; BICC recently announced the appointment of a new chairman. Light profit-taking clipped 4 from **GEC**, at 216p, and a couple of pence from **Plessey**, at 208p, although the latter had earlier been supported up to 214p. Elsewhere, **Security Centres** advanced 8 to 173p in response to the joint announcements that the Prudential Assurance and Aitken Hume had acquired stakes of 5 and 8 per cent respectively in the company. **Sound Diffusion** reflected revived speculative buying with a rise of 7 to 140p and **Suter** put on 7 to 122p. By way of contrast, **Electronic Rentals'** interim profits failed to match recent optimistic expectations and the close was a penny easier at 48p.

Apart from **TI**, which encountered a flurry of speculative demand and closed 12 to the good at 250p, the majority of Engineering leaders softened a few pence. Among secondary issues, **James Neill** advanced smartly to 156p before settling a shade below the best at 155p up 18, on "new-time" buying accompanied by talk of a bid from Suter. **Davy Corporation** were firm and active at 89p, up 3, while **Carlco** improved 4 further to 188p for a rise of 20 since announcement earlier in the week of the interim figures. **Burgess Products** gained 8 to 124p and **Yarrow** improved 15 to 390p in a limited market. **Howden Group** closed a penny harder at 74p following the half-year statement.

Takeover favourites again held the limelight in the Food sector. **Tate and Lyle** rose 10 for a two-day gain of 20 to 475p, while **United Biscuits** put on 8 more to 217p. Elsewhere, **Associated Dairies** rallied 8 to 156p after comment on the interim results.

Among Hotels, recently-firm **Grand Metropolitan** encountered profit-taking and fell 7 to 308p, but **Ladbroke** continued to respond to its property subsidiary's Strand development letting and rose 7 for a two-day gain of 18 to 279p. **Ryan Hotels** touched 23p prior to closing a penny better on balance at 22p, following the annual profits recovery and optimistic statement.

Pentland feature

Many leading miscellaneous industrials showed little alteration at the close, after a day of changing fortunes. **BTR**, however, settled 11 cheaper at 622p. **Hanson Trust** were briskly traded and touched 333p before closing unchanged at 337p, while **BOC**, down to 274p at one stage, ended the day a penny firmer at 278p. Elsewhere in the sector, many of the day's gains were exaggerated by stock shortage. **Pentland** featured a rise of 35 to 335p and **Bestwood** recorded a gain of 43 to 213p.

Among cleaning issues, **Sketchley** came to life with a rise of 12 to 362p and **Johnson Group** edged up 6 to 431p. Renewed buying lifted **Pearson** 13 more to 613p. Demand persisted for **Peter Black**, up 6 further at 228p, awaiting today's interim figures, while **Extel**, still reflecting bid suggestions, improved 7 more to 300p. Rises of around 10 were recorded in **Polly Peck**, 242p, **Wolseley-Hughes**, 320p, and **Steetley**, 308p. Buyers again showed interest in **Keen and Scott**, up 6 at 70p, but **Bespak** remained a depressed market on the second-half profits warning and dipped 32 more for a two-day fall of 82 to 248p.

Despite the chairman's denial of any bid approaches, **Riley Leisure** closed 11 higher at 57p. **Trident TV A** rose 7 to 196p; United Newspapers has sold its entire holding comprising 8.57 per cent of the ordinary shares and 5.19 per cent of the A ordinary shares to a number of shareholders for £4.6m.

Overseas earnings possibilities stimulated renewed support of **Jaguar** which rose 5 more to a new high of 280p. **Lucas**, on the other hand, reacted afresh to Laing and Cruickshank's downgraded profits estimate and closed 4 easier for a two-day loss of 13 to 249p. Distributors were highlighted by Essex-based Ford dealers **Frank G. Gates** which leaped 31 to 91p following a bid approach.

Properties drifted lower on lack of buying interest. **Land Securities** settled 5 cheaper at 302p, after 300p, while **MEPC** finished a couple of pence off at 315p, after 313p. Against the trend, **C. H. Beazer** continued to attract suport in the wake of its agreed bid for Williams Leech and the close was 10 higher at 396p; **Leech** firmed 6 to 178p in sympathy.

Textiles paused for breath with the exception of **Carpets International**, which rose 5 to 37p amid speculation that the company may dispose of its 45 per cent stake in Interface Flooring Systems of the U.S.

Tobaccos remained lively. Down to 193p at the outset, **Imperial** attracted renewed support and closed at a new 1984-85 peak of 200p; the decision on the future of the Howard Johnson operation may be delayed until Imps reveals first-half figures on February 14.

Financials made steady progress throughout the session. **R. P. Martin**, still awaiting developments in the bid approach, closed 28 to the good at 408p, while double-figure gains were also noted in **Exco**, 565p, and **Mills and Allen**, 370p.

Clyde Pet. advance

Leading oils failed to establish a decided trend and closed mixed having traded in a narrow range throughout the session, despite a firm performance by crude oil spot markets.

Second line issues provided a firm feature in **Clyde Petroleum** which jumped 8 to 93p following a report that the company is participating in a consortium led by America's Marathon which has successfully bid for Block 16/8C in the Government's ninth round of offshore oil and gas licences. **Burmah** were also reported as being a participant but the company's shares fell away to 226p in the absence of any takeover news.

Elsewhere, renewed speculative support boosted **Falcon Re-** 25 to sources a year's best or 253p. Irish issues were mixed and volatile. **Oliver Prospecting** remained out of favour and slumped 20 more to 85p, but **Atlantic Resources** rose 8 to 70p, after 72p and **Aran Energy** 3 to 45p.

Currency considerations stimulated renewed support of Overseas Traders. **Inchcape**, additionally buoyed by vague takeover chatter, advanced 18 more to 435p. **Harrisons and Crosfield**, the subject of bullish reviews from a number of brokers recently, finally responded with a gain of 12 to 440p.

Teas attracted fresh interest with **Williamson** another 10 to the good at 565p, after 575p. **Plantation and General** rose a like amount to 350p, while **Moran** spurted 40 to 770p.

Golds improve

The firmer trend in bullion, which improved to close a net $3.25 up at $304.5 an ounce, and the renewed weakness of sterling gave a major boost to South African Golds. Share prices were marked up at the outset, helped by overnight American buying, but moved narrowly for the rest of the morning. During the afternoon renewed buying interest was forthcoming from Continental and U.S. sources. Closing levels were around the day's best.

The Gold Mines index advanced 11.4 to 462.7.

Financials generally made progress, especially the London-domiciled issues where **Rio Tinto-Zinc** responded to sustained buying interest after hours and closed 14 higher at 597p.

Good gains in Golds and the latest downturn in sterling against the dollar provided a cushion for **De Beers** which held steady at 345p despite the disappointing world diamond sales figure announced late on Wednesday. **Gold Fields of South Africa** rose ¼ to £11¼, following the record quarterly profits from the group's gold mines.

Substantial demand throughout the session produced near-record activity in Traded Options. Total contracts struck amounted to 22,130—the second highest total since inception, exceeded only by the 26,884 contracts done on December 4 of last year, the introduction of dealings in British Telecom. Yesterday, BT accounted for over half the business, atracting 9,174 calls and 2,451 puts in the wake of the interim results. The new short Gilt contract—each consisting of £50,000 of Exchequer 10 per cent 1989—also got off to an encouraging start with 140 calls and 176 puts.

FINANCIAL TIMES STOCK INDICES

	Jan. 10	Jan. 9	Jan. 8	Jan. 7	Jan. 4	Jan. 3	year ago
Government Secs.	81.55	81.83	81.49	80.82	81.13	81.00	83.00
Fixed Interest	85.36	85.32	85.22	85.07	85.04	84.86	87.04
Ordinary	982.4	983.1	971.2	955.7	941.0	928.7	796.0
Gold Mines	462.7	451.3	455.2	445.3	459.0	451.3	554.6
Ord. Div. Yield	4.43	4.41	4.45	4.52	4.58	4.63	4.45
Earnings, Yld.% (full)	11.25	11.21	11.33	11.51	11.65	11.77	9.09
P/E Ratio (net) (*)	10.68	10.71	10.60	10.44	10.31	10.20	13.41
Total bargains (Est.)	32,056	28,155	25,657	24,269	21,515	23,078	25,569
Equity turnover £m.	—	646.10	500.45	356.26	287.18	342.70	286.72
Equity bargains	—	28,331	25,750	23,720	20,820	22,282	22,042
Shares traded (ml)	—	309.6	263.4	192.0	165.2	196.4	175.7

10 am 985.6. 11 am 977.4. Noon 978.8. 1 pm 982.6. 2 pm 985.6. 3 pm 987.2.

Basis 100 Govt. Secs. 15/1/28. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=10.33.

HIGHS AND LOWS

—	1984/85 High	1984/85 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.77 (9/1/84)	75.73 (30/7/84)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.48 (14/3/84)	80.43 (30/7/84)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	983.1 (9/1/85)	755.3 (23/7/84)	983.1 (9/1/85)	49.4 (26/6/40)
Gold Mines	711.7 (9/3/84)	445.3 (7/1/85)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 9	Jan. 8
Daily		
Gilt Edged Bargains	155.5	166.0
Equities Bargains	183.6	166.8
Value	1303.9	1011.5
5day Average		
Gilt Edged Bargains	143.8	131.7
Equities Bargains	156.7	144.5
Value	861.7	694.9

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Thur Jan 10 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	Wed Jan 9 Index No.	Tues Jan 8 Index No.	Mon Jan 7 Index No.	Fri Jan 4 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (207)	567.85	−0.2	9.35	3.69	13.40	569.03	561.03	556.34	551.49	484.73
2	Building Materials (23)	508.34	—	12.62	4.89	9.81	508.26	505.29	499.75	501.06	454.62
3	Contracting, Construction (30)	753.12	+0.4	12.73	5.21	10.04	749.95	738.97	732.13	732.90	718.51
4	Electricals (15)	1689.39	+1.7	9.60	4.42	13.16	1661.39	1632.77	1624.92	1602.19	1747.62
5	Electronics (36)	1963.38	−0.7	7.47	2.47	17.30	1977.68	1932.11	1923.20	1901.39	1721.50
6	Mechanical Engineering (60)	287.02	+0.4	11.72	4.49	10.17	285.75	285.67	281.70	279.43	223.16
8	Metals and Metal Forming (8)	174.31	—	13.03	7.44	10.32	174.21	172.57	169.30	167.04	182.00
9	Motors (18)	152.12	−0.3	11.51	4.97	—	152.59	152.57	149.54	145.23	128.10
10	Other Industrial Materials (17)	860.19	−0.5	5.87	3.11	21.26	864.61	849.75	845.73	838.78	620.36
21	CONSUMER GROUP (179)●	636.80	+0.3	9.11	3.71	13.28	634.82	627.80	617.50	610.82	478.91
22	Brewers and Distillers (23)	578.82	−1.3	11.67	4.61	10.55	586.20	577.79	565.35	560.29	456.59
25	Food Manufacturing (20)	500.08	+1.0	11.74	4.61	10.66	495.15	486.51	480.85	478.27	385.75
26	Food Retailing (12)	1468.44	+2.1	6.52	2.40	20.43	1438.01	1443.56	1432.46	1425.29	1109.92
27	Health and Household Products (9)●	1025.12	−0.3	5.62	2.57	20.87	1028.08	1032.84	1015.85	1005.59	753.14
29	Leisure (23)	713.20	−0.3	7.77	4.41	16.90	715.86	708.86	695.31	685.17	626.55
32	Newspapers, Publishing (11)	1514.88	−0.1	7.61	4.79	17.00	1516.32	1485.26	1466.33	1455.43	1138.69
33	Packaging and Paper (14)	304.03	+0.6	12.08	4.76	9.63	302.19	299.39	295.15	290.75	224.78
34	Stores (45)	568.78	+0.7	7.07	3.26	17.11	564.65	552.68	542.44	540.02	439.22
35	Textiles (19)	320.49	+0.4	12.44	4.36	9.26	319.31	310.23	302.04	296.44	257.05
36	Tobaccos (3)	943.94	+0.3	15.28	4.07	8.39	941.01	939.05	918.25	888.57	537.22
41	OTHER GROUPS (97)	642.09	+1.0	9.22	4.06	13.77	635.60	623.70	614.91	609.12	428.58
42	Chemicals (17)	741.61	+0.1	12.15	4.39	10.50	740.99	726.10	715.95	714.06	629.05
44	Office Equipment (4)	166.21	+1.0	6.80	4.62	16.69	164.52	162.95	162.62	160.48	119.53
45	Shipping and Transport (13)	1010.45	+0.2	8.56	4.82	14.95	1008.22	995.17	976.69	968.16	817.68
46	Miscellaneous (61)	824.78	+0.4	7.89	3.37	15.39	821.66	812.43	806.34	801.27	548.31
48	Telephone Networks (2)	762.61	+2.0	8.78	4.22	14.87	747.30	729.18	715.47	704.72	0.0
49	INDUSTRIAL GROUP (483)●	630.05	+0.3	9.20	3.80	13.43	627.87	619.21	610.77	604.73	478.25
51	Oils (17)	1071.65	−0.2	16.27	7.01	7.60	1073.35	1076.49	1067.33	1048.04	959.63
59	500 SHARE INDEX (500)●	667.31	+0.3	10.11	4.21	12.23	665.43	657.69	649.17	642.05	518.48
61	FINANCIAL GROUP (118)	442.36	−0.1	—	4.99	—	443.00	437.55	432.59	430.10	378.54
62	Banks (6)	442.70	−0.6	19.25	6.37	6.58	445.45	439.01	433.47	428.79	382.51
65	Insurance (Life) (9)	605.76	—	—	4.47	—	605.94	597.88	588.08	580.95	514.87
66	Insurance (Composite) (7)	314.84	+0.3	—	5.93	—	313.79	311.67	310.00	308.53	258.51
67	Insurance (Brokers) (6)	1073.98	+0.7	7.17	3.22	19.34	1066.44	1042.99	1021.79	1011.88	673.70
68	Merchant Banks (12)	241.22	+1.1	—	4.44	—	238.68	229.24	226.99	223.18	248.17
69	Property (53)	635.18	−1.2	5.35	3.53	24.90	642.60	640.67	633.00	635.69	546.22
70	Other Financial (25)	276.60	+1.2	9.67	5.60	12.57	273.28	269.75	268.93	269.48	269.25
71	Investment Trusts (105)	578.42	+1.0	—	3.35	—	572.88	568.83	564.73	565.35	504.85
81	Mining Finance (4)	275.93	+1.7	10.70	5.49	11.85	271.22	271.84	269.78	270.34	296.25
91	Overseas Traders (14)	646.66	+2.4	9.06	6.01	13.49	631.72	625.28	618.73	618.77	539.67
99	ALL-SHARE INDEX (741)●	606.91	+0.3	—	4.32	—	605.13	598.31	590.93	585.46	485.32
		Index No.	Day's Change	Day's High	Day's Low						
	FT-SE 100 SHARE INDEX	1261.0	+1.8	1263.9	1252.9	—	1259.2	1243.5	1229.0	1214.6	

FIXED INTEREST

	PRICE INDICES	Thur Jan 10	Day's change %	Wed Jan 9	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	117.99	−0.23	118.26	—	0.16
2	5-15 years	129.34	−0.23	129.64	—	0.00
3	Over 15 years	135.91	−0.37	136.41	—	0.00
4	Irredeemables	147.58	−0.40	148.17	—	0.00
5	All stocks	128.13	−0.26	128.46	—	0.06
6	Debentures & Loans	108.75	+0.15	108.59	—	0.00
7	Preference	77.39	—	77.39	—	0.00
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	109.25	−0.16	109.42	—	0.00

	AVERAGE GROSS REDEMPTION YIELDS		Thur Jan 10	Wed Jan 9	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	10.64	10.56	9.34
2		15 years	10.50	10.47	10.04
3		25 years	10.10	10.03	9.77
4	Medium Coupons	5 years	11.26	11.14	10.99
5		15 years	10.92	10.88	10.61
6		25 years	10.34	10.30	10.03
7	High Coupons	5 years	11.36	11.38	11.16
8		15 years	11.08	11.02	10.79
9		25 years	10.42	10.36	10.12
10	Irredeemables†		9.97	9.93	9.71
11	Debs & Loans	5 years	11.79	11.75	11.48
12		15 years	11.69	11.71	11.53
13		25 years	11.65	11.67	11.54
14	Preference†		12.78	12.78	12.24
15	Inflation rate	5%	3.38	3.37	3.18
16		10%	3.21	3.19	3.01

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.
● Corrected figures for January 9 1985.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price p	+or−	Net Div.	Times covered	Gross Yield	P/E Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price £	+or−
[illegible]							

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price p	+or−
64	F.P.	8/2	73	69	Bairstow Eves 5p.	[illegible]	
175	F.P.	8/2	215	213	Birmingham Mint	[illegible]	
60	Nil	15/2	62pm	45pm	Burgess Prods.	[illegible]	
485	Nil	8/2	155pm	135pm	Carlton Comms.	[illegible]	
85	F.P.	4/2	114	99	Carr's Milling	[illegible]	
50	Nil	13/2	14pm	5pm	Dura Mill 2½p	[illegible]	
80	F.P.	1/3	101	95	LCP Hldgs.	[illegible]	
185	F.P.	18/1	228	218	Marshalls Halifax.	[illegible]	
24	F.P.	13/2	26	24½	♣Morris W. Fine Arts 20p.	[illegible]	
115	F.P.	4/2	152	143	Notts. Brick.	[illegible]	
255	Nil	8/2	55pm	40pm	Pilkington Bros. £1.	[illegible]	
32	F.P.	—	35	32	♣Steaua Romana R V.	[illegible]	
5	F.P.	30/1	8½pm	6½pm	Tranwood 5p.	[illegible]	
250cts	Nil	—	67½pm	60pm	Westpac SA1.	[illegible]	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment letters or fully-paid. ‖‖ Introduction. ♣ Unlisted Securities Market. § Placing price. T Figures assumed. †† Official London Listing. ‡‡ Dealt in under Rule 535(3). † Comprising 100 Prf. and one Ptg. share.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	7	89	8
Corpns Dom & Foreign Bonds	20	5	48
Industrials	428	177	833
Financial & Props	208	77	259
Oils	23	18	83
Plantations	7	2	8
Mines	78	13	87
Others	95	26	86
Totals	866	407	1,412

NEW HIGHS AND LOWS FOR 1984/85

NEW HIGHS (269)

BRITISH FUNDS (1)
FOREIGN BONDS (3)
AMERICANS (18)
CANADIANS (1)
BANKS (5)
BREWERS (3)
BUILDINGS (5)
CHEMICALS (7)
STORES (19)
ELECTRICALS (9)
ENGINEERING (15)
FOODS (20)
HOTELS (4)
INDUSTRIALS (47)
INSURANCE (5)
LEISURE (4)
MOTORS (3)
NEWSPAPERS (2)
PAPER (6)
PROPERTY (3)
TEXTILES (1)
TOBACCOS (2)
TRUSTS (75)
OILS (1)
OVERSEAS TRADERS (6)
PLANTATIONS (3)
MINES (1)

NEW LOWS (11)

CHEMICALS (1)
Mebon
ELECTRICALS (2)
Real Time Control Resource Technology
LEISURE (1)
Entertainment Production
PAPER (1)
Hoggett Bowers
SOUTH AFRICANS (2)
Barlow Rand Messina
OILS (3)
Firstland Oil & Gas TR Energy
ICC Oil Services
OVERSEAS TRADERS (1)
Great Northern Tel.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan 7	Jan 18	Apr 11	Apr 22
Jan 21	Feb 1	Apr 25	May 7
Feb 4	Feb 15	May 9	May 20

For rate indications see end of Share Information Service

Stocks favoured for the call included **United Biscuits Warrants, Microvitec, BOC, Flogas, Imps, Bristol Channel Ship Repairers, Falcon Resources, British Telecom, Hollis Brothers and ESA, Smith Bros, Gestetner, Aberfoyle, Brunswick, Churchill, Owners Abroad, Johnson and Firth Brown, Aran Energy, Atlantic Resources, Johnson Matthey, Courtaulds, Barker and Dobson, Riley Leisure, Hawley and Polly Peck.** A put was transacted in **George Wimpey**, while doubles were struck in **Smith Bros** and **Gestetner.**

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
British Telecom	120	+ 5
Burton	452	+21
DRG	160	− 1
Falcon Resources	253	+25
Hogg Robinson	253	− 2
Jaguar	280	+ 5
Microvitec	95	+15
Minet Holdings	247	− 3
Neill (J.)	155	+18
Pentland Inds.	335	+35
TI	250	+12
Thorn EMI	465	−10

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
Brit. Telecom	19	115	+ 4
BOC	16	277	+16
Foseco Minsep	17	196	− 9
Cable & Wire.	16	507	+22
Lucas Inds.	16	253	− 9
Thorn EMI	16	475	+16
Assoc. Dairies	15	148	− 8
Hanson Trust	15	337	− 4
Bespak	14	280	−50
Leech (Wm.)	14	171	—
Burmah Oil	13	230	—
GEC	13	220	+ 6
Racal Elects.	13	260	+14
Scapa	13	470	+20

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$260	5	28.60 B	—	—	—	—	$304
GOLD C	$300	5	12	1	20	—	—	"
GOLD C	$320	—	—	—	—	20	17	"
GOLD C	$325	13	3 A	24	9.30	—	—	"
GOLD C	$340	—	—	—	—	4	9.50	"
GOLD C	$350	5	1.20	—	—	—	—	"
GOLD C	$380	—	—	—	—	4	3.50	"
GOLD P	$280	19	3	4	6	31	8	"
[illegible]								

TOTAL VOLUME IN CONTRACTS: 31,258

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls Apr.	Calls Jly.	Puts Jan.	Puts Apr.	Puts Jly.
B.P. (*493)	390	107	112	—	1	3	—
	420	77	83	—	1	5	—
	460	40	50	55	4	13	19
	500	8	23	30	18	33	38
	550	2	9	—	60	72	—
Cons. Gold (*482)	460	30	47	55	3	17	22
	500	6	30	35	27	46	52
	550	1½	11	17	72	80	94
	600	1	—	—	122	—	—
	650	1	—	—	175	—	—
[illegible]							

Option		Calls Feb.	Calls May.	Calls Aug.	Puts Feb.	Puts May.	Puts Aug.
Imperial Gp. (*200)	140	63	65	—	1	2	—
	160	43	45	50	1½	3	5
	180	23	27	30	3	4	8
	200	12	17	21	7	11	13
LASMO (*335)	280	63	—	—	3	—	
	300	45	53	62	5	9	
	330	23	33	42	12	22	
	360	7	20	28	35	40	
[illegible]							

Jan. 10 Total contracts 22,130. Calls 17,916. Puts 4,179.
* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984-85 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
105¼	100½	Treas. 15pc 1985	100½	–⅛	14.94	10.19
102¼	100	Exch. 12pc Cnv. '85	100½	......	11.96	9.83
97¼	93⅛	Treas 3pc 1985	97¼	+⅛	3.07	9.53
102⅝	99½	Treas 11½pc 1985	100¼xd	–⅛	11.42	10.04
99¼	96⅛	Treas 8¼pc Cnv '85	98½	–⅛	8.85	10.42
104⅛	99⅞	Exch. 12¼pc 1985	101⅛	–⅛	12.08	10.40
103½	99⅛	Exch. 11¼pc '86	101⅛	–⅛	11.63	10.55
102⅛	96⅛	Treas. 10pc Cnv 1986	99⅛	–⅛	10.07	10.56
93¼	88¼	Treas 3pc 1986	93¼	+⅛	3.20	7.96
102	96⅛	Exch. 10½pc Cv '86	99¾	–⅛	10.53	10.69
104⅛	99⅛	Treas 12pc 1986	103⅝	–⅛	11.81	10.71
98¼	93½	Treas 6¾pc 1984-86‡‡	97⅛xd	–⅛	8.75	10.60
108⅛	102⅛	Exch 14pc 1986	105⅛	–⅛	13.33	10.78
89⅛	85	Exch. 2½pc 1986	89⅛	+⅛	2.79	8.60
107⅛	100½	Exch 13¼pc 1987	104⅛xd	–⅛	12.71	10.84
100⅞	94½	Treas 10¼pc Cv '87	99⅛xd	–⅛	10.34	10.72
87¼	83¼	Exch 2½pc 1987	86½	+⅛	2.88	9.49
101⅛	94½	Exch. 10½pc 1987	99⅛	–⅛	10.59	10.89
92¼	87	Funding 6½pc '85-87‡‡	91½		7.08	10.59
99⅝	92⅞	Treas 10pc 1987	98¼	–⅛	10.20	10.89
86⅝	81⅛	Treas 3pc 1987	85½xd	+⅛	3.50	9.50
105	97¼	Treas 12pc 1987	102⅛	–⅛	11.73	10.97

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

1984-85 High	Low	Stock	Price £	+ or –	Div Gross	C'vr
38⅞	26⅞	Abbott Labs.‖	35½	+⅛	$1.20	—
24⅝	11⅝	Ahmanson (H.F.)	22⅞	+1½	$1.20	—
34¼	22⅛	Alcoa $1	32⅞	+⅞	$1.20	—
39½	21⅝	Allied Corp $1	30	+⅛	$1.80	—
18⅝	13¼	Amax $1	13⅞xd		20c	—
12½	731p	Amdahl 5c	12½	+⅛	20c	—
47¼	29⅝	Amer. Cyanamid	43⅝	+⅛	$1.90	—
33	10⅝	Amer. Express $0.60	32½xd	+⅛	$1.28	—
20¼	14½	Amer Medical Int $1	16⅛xd	+½	60c	—
34½	20½	Amer. Nat. Res. $1	32	–¼	h$1.42	—
17⅞	10⅝	American T. & T. $1	17¼	+⅛	$1.20	—
67⅛	43¼	Ameritech $1	66⅞	+1⅞	$6.00	—
21½	15½	Amfac‖	16⅞	+¼	$1.44	—
30½p	16½p	AmdTech‖	29½p		—	—
16⅛	10¼	Bankamerica $1⅛	15⅞		$1.52	—
49½	27½	Bankers N.Y. $10	48⅝xd	+1½	$2.70	—
10⅛	865p	BASIX Corp	898p		12c	—
70⅝	46¼	Bell Atlantic $1	69⅞	+⅞	$6.40	—
30⅛	19½	Bellsouth $1	29½xd		$2.60	—
20⅞	12	Beth Steel $8	15⅞	+⅛	60c	—
20⅛	11⅞	Bowater Inc.	18½	–⅛	72c	—
33⅛	19⅝	Brown'g-Fer. 16⅔c	33⅛	+1	$1.08	—
30	16⅝	Brunswick Corpn ‖	30	+⅛	80c	—
875p	405p	Business Computer	440p		—	—
35⅛	24⅛	CPC Intnl. 25c	34⅛xd		$2.20	—
21	14⅛	CSX Corp U.S.$1.00	20⅛	+⅛	$1.04	—
14⅛	10⅛	CalFed Inc $1.00	14⅛	+⅛	32c	—
61½	39⅛	Campbell Soup 60c	59⅞	+⅛	$2.50	—
36½	24⅛	Caterpillar Tractor‖	26⅛	+½	50c	—
12⅞	543p	Conergy Corp. 25c	725p	+13	1c	—
41⅞	27¼	Chase M'htn $12.5	41xd		$3.65	—
30⅛	17⅛	Chemical New York	29⅛xd		$2.36	—
31⅛	22⅞	Chesebrough-Pond's $1	29⅞xd		$1.92	—
28	15⅛	Chrysler $6¼	26⅛	+½	$1.00	—
34	19⅞	Citicorp $4	32⅛xd	+⅛	$2.05	—
34⅛	21⅞	City Inv. $1.25	34⅛		$2.00	—
22½	14⅝	Colgate-P. $1	21⅛xd		$1.28	—
46⅛	35⅛	Colt Inds. $1	46⅛xd	+1½	$2.50	—
29⅛	17	Cons. Foods $1⅓	29⅛xd	+⅛	$1.30	—

CANADIANS

BANKS, HP & LEASING

BEERS, WINES AND SPIRITS

BEERS, WINES—Cont.

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

هكذا اصل الأصل

هكذا اصل الأصل

INDUSTRIALS—Continued

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
64	43	Magnolia Group	48		2.5	3.2	7.4	4.7
64	28	♦Mainmet Hldgs 10p	30		—	—	—	—
270	157	Man. Ship Can. £1	251	−4	5.5	3.5	3.1	12.9
104	65	Marley	104	+1	†3.2	2.5	4.4	11.7
61	40	Marling Ind. 10p	52xd		†d3.0	5.6	3.5	6.2
46	29	Marshall L'sy. 'A'	38		†1.2	3.6	4.5	(6.8)
63	37	Marshall's Universal	64	+1	H1.75	—	4.0	18.9
89	77	Do. 7¾pcCnRedPf £1	82	+3	7¾%	—	13.2	—
30	20	Martin-Black	22½		—	—	—	—
£108	£83	♦Mathesons 7½%	£83		Q7½%	2.3	19.8	—
408	287	Metal Box £1	406	−2	†15.0	3.2	5.3	6.5
220	129	Metal Closures	140	−2	6.3	2.3	6.4	(7.8)
27	12	♦Metal Sciences 2½p	13		—	—	—	—
133	83	♦Midland Marts	90		4.0	3.8	6.3	11.4
74	45	Mitchell Cotts	74	+2½	4.0	1.5	7.7	10.5
196	132	Morgan Crucible	196	+2	†7.5	1.2	5.5	(19.0)
36	24½	♦Morris (W) F.A. 20p	25½		bq0.5	4.0	2.8	24.2
110	80	Moss (Robt.) 10p	102	−1	‡12.5	2.3	9.5	14.8
330	197	♦NMW Computers	283		6.0	3.0	3.0	15.8
65	38	Nash Inds.	42		2.5	♦	8.7	♦
47	30	Neill & Spencer 10p	38	−1	—	—	—	16.4
33	13	Newman Industries	20		—	—	—	(11.3)
31	16½	Do. 10pc Cn.Cnv.Pf.	21		10%	—	6.8	—
67	39	Nolton	46		g1.1	4.5	3.4	7.7
183	132	Norcros	178xd	+3	†7.5	2.4	6.3	9.0
86	55	Nu-Swift 5p	64		†2.4	3.2	5.4	8.3
100	50	Oakwood Grp.	78		‡6.5	—	‡	—
190	135	Office & Elect	155		7.5	4.2	4.8	7.1
108	92	Oldacre 20p	105		†4.0	2.6	5.4	9.3
875	650	Oriflame Intl SA	650		†Q53c	2.2	6.8	6.7
46	18	Ovenstone 12½c	38		†Q4.5c	2.2	‡	4.1
£163	£120	Ozalid 9pc Cnv 87-92	£163	+1	Q9%	—	5.6	—
190	115	♦PCT Grp 10p	115		†4.8	2.9	5.8	7.0
£12⅞	975	PLM 'B' Sk 25	£11		Q20%	3.2	4.2	7.4
179	149	PSM Intl	179	+3	bq5.25	2.6	4.2	13.1
62	40	♦Pacific Sales 10p	60	+3	†2.4	2.2	5.7	(9.1)
207	148	Parker-Knoll 'A'	169	+2	9.0	2.8	7.6	6.6
265	197	Pauls	225	+5	8.5	2.5	5.5	9.7
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INSURANCES

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LEISURE

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LEISURE—Continued

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial Vehicles

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Components

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Garages and Distributors

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NEWSPAPERS, PUBLISHERS

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PAPER, PRINTING ADVERTISING

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PROPERTY

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PROPERTY—Continued

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SHIPPING

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SHOES AND LEATHER

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SOUTH AFRICANS

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TEXTILES

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOBACCOS

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INVESTMENT TRUSTS—Cont.

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Finance, Land, etc

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OIL AND GAS

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OVERSEAS TRADERS

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PLANTATIONS

Rubbers, Palm Oil

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Teas

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MINES

Central Rand

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Eastern Rand

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Far West Rand

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

O.F.S.

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Finance

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MINES—Continued

Diamond and Platinum

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Central African

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Australians

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Tins

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Miscellaneous

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
410	210	♦Centenmal Min'ls.	312	−8	—	—	—
175	70	♦Colby Res Corp.	70		—	—	—
955	550	Cons. Murch. 10c	550		†Q100c	1.4	8.3
36	25	♦Ennex Int. Ir10p	28		—	—	—
252	150	Hampton Areas 10p	163xd	+3	3.75	2.1	3.1
225	140	♦Highwood Res.	260	−5	—	—	—
£24⅞	£16	Homestake Mining $1	£18⅝	+⅛	Q20c	—	0.9
295	135	♦McFinley Red Lake	245		—	—	—
240	101	♦Musto Explorations	215	−5	—	—	—
55	23	♦New Sabina Res C$1	30		—	—	—
365	220	Northgate C$1	265	−5	—	—	—
718	500	RTZ	597	+14	†18.0	2.7	4.3
£155½	£131½	Do. 9½pcLn '95-2000	£130	+1	Q9½%	35.4	†7.3
£11¼	850	♦Tara Expln $1	630		—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- • Highs and Lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed, dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities
- †† Dealt in under Rule 535(3)
- ¶ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ‡ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. R Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv 20p	90		Arnott	150	
Craig & Rose £1	£11½		CPI Hldgs	50	+1
Finlay Pkg. 5p	44		Carroll Inds.	79	
Higsons Brew	100	+7	Dublin Gas	65	
Holt (Jos) 25p	870		Hall (R. & H.)	44	
IoM Stm. £1	133		Heiton Hldgs.	17	
IRISH			Irish Ropes	32xd	
Exch. 12% 1985	£99		Jacob (W.& R.)	62	+4
Nat. 9¾% 84/89	£84	+¼	TMG	72	
Fin. 13% 97/02	£89⅝	+⅛	Unidare	78	

OPTIONS — 3-month call rates

Industrials	p		p		p
Allied-Lyons	25	Hanson Tst.	22	Vickers	18
BAT	30	Hawker Sidd	38		
BOC Grp.	24	Hse of Fraser	28	**Property**	
BSR	15	ICI	50	Brit Land	14
Babcock	13	'Imps'	14	Cap Counties	10
Barclays Bank	42	Jaguar	18	Land Secs	24
Beecham	30	Ladbroke	28	MEPC	30
Blue Circle	46	Legal & Gen	42	Peachey	24
Boots	18	Lex Service	32	Samuel Props	14
Bowaters	16	Lloyds Bank	42	Sterling Guar.	5½
Brit Aerospace	34	Lucas Inds	24		
Brit. Telecom	7½	Marks & Spcr	10	**Oils**	
Brown (J.)	3	Midland Bk	33		
Burton Ord	32	NEI	9	Brit. Oil & Mat	4½
Cadburys	14	Nat West Bk	54	Brit Petroleum	30
Comm Union	15	P & O Dfd	24	Burmah Oil	29
Courtaulds	11	Plessey	20	Charterhall	6
Debenhams	19	Polly Peck	25	Premier	6
Distillers	24	Racal Elect	24	Shell	55
Dunlop	5	RHM	10	Tricentrol	22
FNFC	7	Rank Org Ord.	24	Ultramar	22
Gen Accident	42	Reed Intnl	50		
Gen Electric	20	Sears	7	**Mines**	
Glaxo	90	TI	18		
Grand Met	26	Tesco	8	Charter Cons	21
GUS 'A'	55	Thorn EMI	42	Cons Gold	42
Guardian	58	Trust Houses	12	Lonrho	14
GKN	16	Turner Newall	9	Rio T Zinc	68
		Unilever	80		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 31

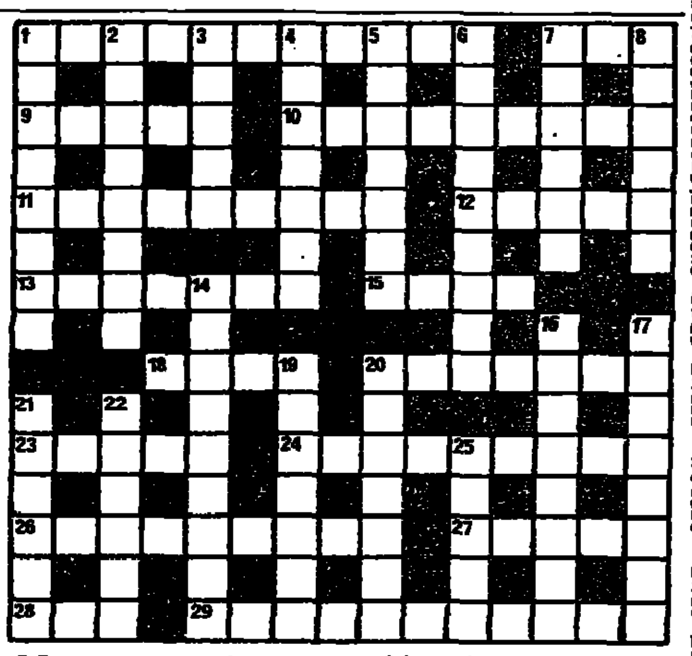
AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Abbey Unit Tst. Mngrs. (a)
1-3 St Paul's Churchyard, EC4P 4DX 01-236 1833

INSURANCES

FT CROSSWORD PUZZLE NO 5,615



ACROSS

1 Being wild. I scare other drivers! (11)
7 A short-cut (3)
9 Ex-Chinese leader holds a bill for port (5)
10 The bloom of youth (9)
11 Oppose an insect repellent (9)
12 Bribed not to squeal? (5)
13 Wrested apart and scattered (7)
15 Inclination to admit incompetence (4)
18 Very keen to make a comeback as a singer (4)
20 Naval weapon or depot perhaps (7)
23 We hear forty of the Romans do better (5)
24 Mariner's dependant (9)
26 Eulogy about gay prince (9)
27 Trade mark for a hot iron (5)
28 Sounds like a shortage of resin (3)
29 Meeting a teetotaller in The George perhaps (3, 8)

DOWN

1 It's soothing when you have to concentrate (8)
2 Any crest may indicate it (8)
3 Pictures of newly minted coins (5)
4 Local vessel that can be managed single-handed (7)
5 Man goes about desert, wandering (7)
6 Crafty manager of the wine shop, right? (9)
7 It was once worn to cause a stir (6)
8 Be on the team or close to it (6)
14 Roundabout spin I go on a two-wheeler (9)
16 Monument not cheap to build (8)
17 Regard as deliberate (8)
19 How one may travel by horse to Attar, perhaps (2, 1, 4)
20 There's no smoke without it! (7)
21 One addresses one's remarks to him (or her) (3-3)
22 Such a railway may make a fair profit (6)
25 Furniture catalogue (5)

Solution to Puzzle No 5,614

هكذا اصل الأصل

هكذا اصه الأصل

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Target Trust Mngrs (Jersey) Ltd
PO Box 194, St Helier, Jersey 0534 72333

Man Cur Fd	106 7	112.4	+0 1	4.62

Tennant (Cayman) Managers Ltd and NATCO
PO Box 2189, Grand Cayman 0101 (809) 9497435

Watmstr-Cm	$7.66	8.08	....	—

Tokyo Pacific Holdings NV
Intimis Management Co NV, Curacao.
NAV per share $128.14.

Tokyo Pacific Hldgs (Seaboard) NV
Intimis Management Co NV, Curacao.
NAV per share $97.50.

Tyndall Bank (Isle of Man) Ltd
30 Athol St, Douglas, IoM. 0624 29201

Stg Mny Acc	9 00	—	....	—
US$MnyAcc	7.250	—	....	—

Tyndall Managers
2 New St, St Helier, Jersey 0534 3733103

TOFSL	201 9	216.9	+1 1	1 15
American	215.2	232.4	−1.0	1.72
Far Eastern	273 2	292.0	+0.6	0 86
European	119 2	127.8	+4.0	0.77
Prtflo Man	108 44	116.5	+0.8	—
Prtflo Amer	103 6	111.9	−0.5	—
PrtfloStEst	112.1	120.0	+0.2	—
PrtfloStEuro	111.8	119 8	+3 6	—
Jersey Fd	176 6	193 0	...	4.72
(Nn-J AcUts)	432 8	472 6	....	—
Gilt Funds	114 8	117.0	....	10.30
(AccumShs)	310 0	315.4	....	—

Victory House, Douglas, IoM. 0624 24111

HighIntGilt	110 6	112 8	..	12 58
(Acum Shs)	212.8	216 6	.	—

Tyndall International Assurance Ltd
Albert House, St Peter Port, Guernsey. 0481 27066

Int Equity	453 3	477.2	−4 4	—
Do $	5 150	5.425	−0 06	—
PacificEqty	141 6	149 1	+0.3	—
Do $	1 605	1 690	−0 005	—
NAmerEqty	96 4	101 5	−0 5	—
Do $	1 095	1 155	−0.005	—
UK Equty	315 5	332 2	+3 8	—
Do $	3 580	3 770	+0 030	—
Euro Eqty	124.6	131 2	+3.8	—
Do $	1.415	1.490	+0 04	—
IntlFxdInt	487 0	512 7	+3.9	—
Do $	5.530	5 825	+0 03	—
StlgFxdInt	272.9	287 3	−1.0	—
Do $	3.100	3 265	−0 02	—
$ Deposit	154 3	162 5	+1 0	—
Do $	1 750	1 845	+0 005	—
StgDeposit	158 1	166 5	+0.5	—
Do $	1 795	1 890		—
Commodity	510 0	536 9	+23.2	—
Do $	5 790	6 095	+0 24	—
Gold	80.6	84 9	−1.9	—
Do $	0 915	0 965	−0.02	—
UK Prpty	195 2	205 5		—
Do $	2 215	2 335	−0 005	—
Intl Mangd	383 0	403 2	+0 1	—
Do $	4 350	4 580	−0 01	—
UK Mngd	265 3	279 3	+0 9	—
Do $	3.010	3.170	. .	—

Tyndall-Guardian Mngt Ltd
PO Box 1256, Hamilton, Bermuda

T-G American	$19 51	....	—
T-G Money	$24.25	....	—
T-G Eurobond	$16 70	....	—
T-G Commodity	$24 05	....	—
T-G Mortgage	C$22 42	....	—
T-G Overseas	$10 88	....	—
T-G Pacific	Y2,107	....	—
T-G Wall Street	$25 68	....	—
T-G Gold	$7.30	....	—

M. G. Tyrrell & Co Ltd
PO Box 415, London W13 9NY.

Ortac	$11.75	12.05	....	—

Unico Invest Fd Mgt Co SA Lux
London & Continental Bankers Ltd.
2 Throgmorton Avn, London 01-638 6111

UC Inv Fd	$70 00	73 00	+0 40	—

Union-Investment-Gesellschaft GmbH
Postfach 16767 D 6000 Frankfurt 16

Unifnds	DM20 31	21 40	+0 10	—
Unirak	DM71 49	75 40	+0 25	—
Unirenta	DM40 31	41.60	+0 10	—

United Fund Managers Ltd
16-18 Queens Rd Central, Hong Kong 5-231417

S & Mly Tst	$8.09	8.42	−0 58	10 08

For Vanbrugh Currency Fund see Holborn Fund Management (Jersey) Ltd

S. G. Warburg & Co and subsdrs
33 King William St, EC3R 9AS. 01-280 2222

Energy Int	$42 18	—	+0 02	—
Eurobond	$18 27	16.43	...	—
Sel Risk	$15.23	15 78		1.58

39-41 Broad Street, St Helier, Jsy, Cl. 0534 74715

Cmn Mkt	£29 41	30 16		1 29
Far East	£27.83	28 54	+0 2	0 86
Transatl	£26 39	27 06		1.81
Metals	£12 28	12 59	..	9 21
Sel Mkt	£21 74	22 29xd		1 57

Mercury Money Market Trust Ltd

D-Mark	DM79 73	+0.01	—
Dutch Guilder	Dfl107 34	+0 01	—
Japanese Yen	Y8 049	+5	—
£ Sterling	£20 20	+0 01	—
Swiss Franc	SwFr77.74	+0.01	—
U S. $	$34 28		—

1 Thomas St, Douglas, IoM. 0624 4856

IoM	80.3	64 2	+0.3	7.5
Intl Bond	43.0	45.8	+0.2	—

Wardley Fund Managers (Jersey) Ltd
HK Bk Bldg, Grenville St, St Helier 0534 71460

WrdlyGltFd	$97.0	101 0xd	.	11 14

Wardley Investment Services Ltd
4th Floor, Hutchison House, Hong Kong

Wrdly Trust	$9 28	5 65	..	1.42
WdyNKAF	$27 79	29.47	...	4.75
WrdlyBdT	$9.95	10.60	...	6.04
WrdlyJapT	$32.06	34.00	....	0.29
WrdlyPrCT	$10 11	10.70	....	2.06

West Avon Secs (Guernsey) Ltd
Borough Hse, St Peter Port, Guernsey 0481 27957

Gilt&OptFd	£1 15	1.21	....	5.00
U S. $ Opt	£0.95	1 00	....	—

World Wide Growth Management
10a Boulevard Royal, Luxembourg.
Inv. Adv. M & G Inv Mngt. Ltd., London.

WwdGthFd	$11.28	+0 02	—

Wren Commodity Management Ltd
10 St George St, Douglas, IoM 0624 25015

Wren Com Fd	12 7	13.2	....	3 10
Chinese Fd	58.8	61.2	....	1.70
PrecFetFd	80.3	83 6	...	8.30
VangCmdyFd	21 5	22.1	....	—
FinFuturesFd	32.4	33.8	....	—

Yamaichi Dynamic Mngt Co SA
10a Boulevard Royal, Luxembourg

Dynamic Grth Fd	*$8 82*	*+0 16*	—

Money Market Trust Funds

	Nom	Apr	Int Cr	Notice
The Money Market Trust				
63 Qn Victoria St, EC4P 4ST 01-236 0952				
Call Fund	9.15	9 37	6mth	Call
7-day Fund	9.21	9.43	6mth	7-day
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE 01-236 1425				
Call Fund	8.66	8.84	6mth	Call
7-day Fund	8.95	9.15	6mth	Call
Mny Mg Ac	8.50	8.78	6mth	Call
Dollar	7.60	7.12	6mth	1-day

Money Market Bank Accounts

	Nom	Apr	Int Cr	Notice
Aitken Hume				
30 City Road, EC1Y 2AY. 01-638 6070				
TreasuryAcc	9.375	9.71	Qtr	Call
MthIntChq	9.25	29.65	Mth	Call
Bank of Scotland				
38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc	9.45	9.87	Mth	Call
Barclays Prime Account				
PO Box 125, Northampton 0604 252891				
High Int Chq	9.75	10.11	Qtr	Call
Britannia Grp of Investment Companies				
29 Finsbury Circ, EC2M 5QL. 01-555 2777				
Cater Allen	9.00	9.38	Mth	Call
Charterhouse Japhet plc				
1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	9.25	9.652	Mth	Call
U.S Dollar	8.00	8 300	Mth	Call
German Marks	5 0	5.116	Mth	Call
Swiss Francs	2 0	2 018	Mth	Call
Japanese Yen	5.0	5.115	Mth	Call
Co-operative Bank				
78-80 Cornhill, EC3 01-626 6543 Ext 464				
Under£1,000	8 00	8 24	Qtr	Call
Over£1,000	10.00	10.38	Qtr	Call
Dartington & Co Ltd				
Dartington, Totnes, Devon, TQ9 6JE. 0803 862271				
MnyMktAcc	9 50	9.84	Qtr	Call
Henderson/Bank of Scotland				
38 Threadneedle St, EC2P 01-628 8060				
MyMtChqAc	9.45	9.87	Mth	Call
Lombard North Central plc				
17 Bruton St, W1A 3DH 01-409 3434				
Notice Dep	10.00	10.25	Rat	14-day
M & G Kleinwort Benson				
91-99 New London Rd, Chelmsford. *0245 51651*				
HighIntChqAc	9.30	9.74	Daily	Call
Midland Bank plc				
PO Box 2, Sheffield. 0742 20999 Ext 8				
High Int Chq	9.30	9.74	Qtr	Call
Provincial Trust (formerly Choularton)				
30 Ashley Rd, Altrincham, Cheshire, WA1 2DW. 061-928 9011				
Cheque Acc	9.25	9.65	Mth	Call
Save & Prosper/Robert Fleming				
28 Western Rd, Romford, RM1 3LB. 0708 66966				
HighIntBkAc	8.80	9.20	Daily	Call
Premier Acc	8.80	9 20	Daily	Call
Tyndall & Co				
29-33 Princess Victoria St, Bristol BS8 4BX. 0272 732241				
Demand Acc	9.32	9.65	Qtr	Call
Money Acc	9.125	9.44	Qtr	Chq'7
J. Henry Schroder Wagg & Co Ltd				
Enterprise House, Portsmouth. 0705 827733				
Special Acc	9 00	9.38	Mth	Call
Over £10,000	9.25	9 65	Mth	Call

NOTES—Interest rates given both as a nominal rate and an annual percentage rate adjusted for frequency of interest credit.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix to U $ dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered prices include all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. § Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ∅ Yield column shows annualised rates of NAV increase.

COMMODITIES AND AGRICULTURE

U.S. wheat import halted

BY NANCY DUNNE IN WASHINGTON

CARGILL is dropping plans to ship 25,000 tonnes of Argentine wheat into the U.S. following strong public reaction to the transaction. Farm state congressmen have been swamped with calls from farmers angry about the sale. Several threatened to stop the shipment being unloaded at American ports.

Congressman Byron Dorgan, a North Dakota Democrat, has asked officials in the Reagan Administration to investigate the purchase.

Calling the proposed transaction "outrageous," Mr Dorgan has written to Mr John Block, the U.S. Agriculture Secretary, and Mr William Brock, the U.S. Trade Representative, asking them to determine if Cargill had intended to dump Argentine wheat on the U.S. marget at prices well below the cost of production.

"For this country, the biggest grain supplier in the world, to import Argentine wheat would have been like Saudi Arabia importing oil," the congressman said at a meeting of North Dakota farmers.

He accused *Cargill* of promoting the Administration's proposed farm 1985 legislation, which would drop supports in order to lower U.S. grain prices.

Mr Whitney MacMillan, Cargill's chairman, said the U.S. "remains the best market for this wheat." At the time of the transaction, the landed duty-paid cost of Argentine wheat at U.S. gulf ports was $144.70 (£128) per tonne, compared with $150.50 for U.S. hard red winter wheat and $157 for spring wheat, he said.

He said the U.S. faces intense price competition in its own markets if weather conditions remain normal and that Southern Hemisphere soyabeans could be delivered to American coasts on the Atlantic in July at 10 to 15 cents a bushel less than U.S. soyabeans.

Mr MacMillan said the world market is rapidly changing, and that until recently, American efficiency had allowed U.S. farmers to capture the bulk of the growth of world markets.

"However, inflexible farm programmes, rising foreign productivity and the growing strength of the dollar have undermined our competitiveness to a point at which even unsubsidised foreign production can be sold profitably in the U.S. market," he said.

Plan to link gold markets

BY JOHN EDWARDS, COMMIDITIES EDITOR

PLANS WERE announced yesterday for a trading link between the New York Commodity Exchange and the Sydney Futures Exchange that will virtually merge their individual gold futures contract into a single trading forum operating in two time zones.

A joint statement from the two exchanges said their governing bodies had approved an "international electronic trading linkage." It would initially be confined to gold futures but may be expanded to other contracts later.

Under the proposed arrangement all dealings in both New York and Sydney will be handled by the Comex Clearing Association in New York.

This means there will be a much closer link between the two exchanges than the arrangement established last year between the Singapore International Monetary Exchange and the Chicago Mercantile Exchange, which have separate clearing facilities.

Dealing through one clearing organisation means that all trades in both centres will be subject to the same rules and regulations.

The International Commodities Clearing House, which presently provides clearing facilities for the Sydney exchange, will act as a service centre transmitting details of trading there to the New York market.

The proposed link follows a year of talks between the two exchanges to try and work out a suitable arrangement.

The plan is to be submitted for approval by the appropriate regulatory organisations in the U.S. and Australia, and it is hoped it will become operational later this year.

Intervention fails to boost rubber price

BY RICHARD MOONEY

THE INTERNATIONAL Rubber Organisation's buffer stock manager was a buy on the Kuala Lumpur market yesterday for the third day in succession, but so far his purchases have failed to raise price levels significantly.

Tuesday's purchases, the first in two years, succeeded in halting the decline, but subsequent interventions have had a minimal effect on price levels.

Yesterday the buffer stock bought 85 tonnes for February shipment at 191 Malaysian cents a kg, taking the total this week to 800 tonnes. But the market price rose only 0.75 cents to 189.75 cents a kg.

Before this week the buffer stock already stood at 270,000 tonnes, and a special meeting to review price support arrangements would have to be called if the total reached 300,000 tonnes.

In London, meanwhile, the International Rubber Study Group published estimates putting natural rubber consumption 7.3 per cent higher last year at a record 3.98m tonnes. But production is estimated to have moved further ahead with a 7.7 per cent rise to 4.33m tonnes.

Cold spell pushes up spot oil prices

By Dominic Lawson

SPOT OIL prices rose yesterday as the continuing cold spell in Europe pushed up values of North Sea crudes.

January shipments of Brent, the UK marker crude, were traded as high as $27.10 a barrel, a 55 cents rise on Wednesday's trading range. Similar gains were achieved in February Brent shipments, which saw trades at $26.65 a barrel.

On the New York Mercantile *Exchange crude oil futures* showed early gains of about 35c a barrel in spite of the news that Texaco was cutting a dollar off its $29 posted price for West Texas Intermediate crude oil.

However, despite the gains this week owing to the cold weather in Europe, North Sea spot oil prices remain well below the last official price of $28.65 a barrel set by the British National Oil Corporation.

● INDIA'S Commerce Ministry has announced for the first time an export ceiling on orthodox tea. It will allow exports of only 21m kg of the tea in January and February.

Orthodox tea accounts for about 60 per cent of India's total tea exports, targeted at 220m kg in 1985, up from last year's 215m.

● IVORY COAST'S total 1984-85 cocoa crop should rise to between 420,000 and 430,000 tonnes from 405,000 tonnes last season, the Ivorian Chamber of Commerce said in its latest monthly report.

The estimate is lower than most trade estimates and down on the latest forecast by London dealers Gill and Duffus.

● AUSTRALIA exported 77,376 tonnes of raw sugar to the Soviet Union in October, bringing such exports in the first 10 months of 1984 to 296,600 tonnes, Australian Statistics Bureau figures show.

● PRELIMINARY International Coffee Organisation figures show exports by members to non-ICO members rose to 2.81m bags (60 kg) in the first quarter of the 1984-85 (October-September) coffee year from 2.59m in the same 1983-84 quarter.

Florida recovery could burst orange juice price bubble

John Edwards and Andrew Whitley on prospects for one of Brazil's star exports

A CLOSE watch will be kept on Florida by both producers and consumers of orange juice in the next few months. What happens there will be the key in deciding whether or not the boom, which helped make orange juice Brazil's third most valuable export last year, is sustained or collapses.

Frost in Florida on Christmas Eve, 1983, brought a spectacular surge in orange juice prices last year. Florida, which normally provides the bulk of the U.S. orange juice supplies, was forced to offset a sharp drop in its own production by *a big increase in imports from* Brazil.

This created a world scarcity of supplies, leaving Brazil, by far the biggest producer, virtually able to dictate its own terms. In Europe the strength of the U.S. dollar, the basis for Brazilian prices, increased the upward pressure on the market and processors were forced to *pay up to 75 per cent more* than in 1983.

There was no frost in Florida this Christmas, but the danger period extends until the end of February. Meanwhile there is another threat to orange production in the state.

In September there was panic when an outbreak was discovered of citrus canker, the crop disease that almost wiped out the orange industry there in the 1920s. The outbreak was confined to young nursery plants, which were quickly destroyed. However, whether the disease has spread to the mature, fruit-bearing, trees will not be known until they blossom in the spring.

Until the twin threats of citrus canke r and frost in Florida are removed, the market is likely to remain highly nervous, although there are already signs of an easier trend in prices developing.

Bearing in mind that Florida has suffered frost in three of the last four years, the odds are against it being hit again this *year so production could re*cover strongly.

At the same time there is growing concern about the impact last year's soaring prices will have on demand for orange juice, especially in Europe which was hardest hit.

Mr Tony Swallow, chairman of the fruit juice committee of the Food Manufacturers' Federation, claims that UK consumption of orange juice has been remarkably resilient. He points out that last year's surge in prices *came after a long* period of stability during which demand tripled.

Mr Swallow says orange juice has become part of regul lar shopping by British consumers and all that happened last year was a slow down in the steady rise in sales.

Ms Doris Butler of Foodnews, close *follower* of the orange juice market, is not so sure of the strength of demand. Even if consumption is maintained in Britain, she maintains that demand in certain countries in Europe, with a high per capita consumption of orange juice, such as Sweden, is likely to fall heavily.

With the strong dollar, American consumers have not suffered the same kind of price rises for orange juice as in Europe. However, if Florida output does recover this year, U.S. import demand *is likely to fall sharply* leaving Brazil with additional supplies to divert to other markets.

Mr Swallow notes that in the past Brazil has tended to over-expand production creating a surplus of supplies. He sees no reason why this will not happen again.

In the last ten years, Brazilian exports of orange juice have soared from a negligible $59m (£52m) to an estimated $1.2bn last year, outranked in the *country's export league* only by coffee and the soyabean complex.

After the 1981 Florida frosts, Brazilian orange production rose spectacularly. Cacex, the government's foreign trade authority was forced to intervene, setting export quotas to prevent an excess of supply.

This was an unusual infringement on the activities of an industry exceptional among Brazil's main processed agricultural commodities in that it is in private hands and subject to few government controls.

Three companies are responsible for 80 per cent of all Brazilian exports. Two—Sucocitrico Cutrale and Citrosuco Paulista—are privately-owned Brazilian companies. The third is a wholly-owned subsidiary of U.S. animal feed producer and grain trader, Cargill of Minneapolis.

Sucocitrico Sutrale and Citrosuco Paulista, were Brazil's leading, privately-owned exporters last year—trailing only the giant state companies operating in the oil, sugar and minerals sectors.

In the first nine months of 1984, Sucocitrico Sutrale earned $379m in exports, up by 139 per cent on the same period in 1983.

Citrosuco Paulista, its long-standing rival, did nearly as well, raising export sales by 130 per cent, to $292m.

The most spectacular sales growth last year was achieved by Cargill Citrus. Between January and September it boosted its foreign sales by 270 per cent, from $29m to $107m.

The extent to which the big three (some say big four, adding another exporter, Frutesp) are able to corner the market at a time of sudden demand was graphically illustrated last year.

As soon as the full extent of the damage to the Florida groves became clear the olipopoly was able to snap up an estimated 80 per cent of the harvest within a matter of weeks. A carry over from 1983, of 120m tonnes, was disposed of within the first quarter.

The 1,800 small growers in Brazil could only stand and watch. A challenge to the big exporters is coming from four new companies based in the north-east of Sao Paulo state.

How they will fare must be in doubt while the leaders continue to invest heavily in new capacity. Cargill, for instance, spent $25m last year on raising its capacity.

Malaysian palm oil output down in December

By John Buckley

FIRST estimates from plantation sources suggest Malaysian crude palm oil output dipped steeply in December as trees at last entered their wintering period after three months of record production.

One trader believes production in Peninsular Malaysia will reach only 272,000 tonnes, 100,000 down on the November figure. Most favour a range of 315-320,000 tonnes which, combined with output in the eastern states of Sabah and Sarawak should mean total output of about 350,000 tonnes.

Although production is likely to remain in the 200-300,000 tonne range for the next three *months, European merchants* expect supplies to remain comfortable.

They point out that the projected December figure would still be the highest on record for that month, compared with 195,000 tonnes in 1983 and 220,000 in the record 1982 season. Moreover, production during the September/December period was about 500,000 tonnes above drought-depleted 1983 levels, resulting in a build-up of stocks at origin. Even after a fall of some 35,000 tonnes in December, they remained unseasonally high at 277,000.

Trade opinion is mixed on how the Malaysians, who dominate the palm oil export trade, will approach the market in the next few weeks.

The absence of competing crude palm oil offers from Indonesia for January shipment, combined with high premiums asked for soya oil, has encouraged the Malaysians to adopt a hawkish attitude to cheap bids from international buyers.

Pakistan has been a regular buyer in the last few weeks, but price direction may ultimately be decided by the volume required by India, still the largest market for palm products.

LONDON MARKETS

NEWS of a bigger-than-expected 41,000 tonnes rise to 4.408m tonnes in non-communist world aluminium stocks in November acted as a depressant on the market and prices declined in dollar terms. But, thanks to the *continued weakness of sterling*, the London Metal Exchange cash price ended £4.25 up on the day at £922.75 a tonne.

The fall in the value of the pound was also partly responsible for the £9 rise which took cash high grade copper to £1,172.50 a tonne, at the close.

The rise in cocoa futures prices continued, taking the May position to £1,976 a tonne at one stage. Profit-taking and hedging helped to trim the rise, however, following news of producer sales, and the price ended £19.50 up on the day at £1,970.50 a tonne.

MAIN PRICE CHANGES

In tonnes unless otherwise stated

	Jan. 10 1985	+ or —	Month ago
METALS			
Aluminium	£1100		£1100
Coconut (Phil)	$905y	+20	$930
Cocoa Ft. May	£1970.5	+19.5	£1841.5
Coffee Ft. Mar.	£2324.5	+9	£2237.5
Cotton A index	71.85c	—0.05	71.50c
Gas Oil Feb.	$221	+3.5	$224.5
Rubber (kilo)	63p	+0.75	61p
Sugar (raw)	$104y	+5.5	$105.5
Woolt'ps 64s	488p kilo		487p kilo

‡ Unquoted. z Feb. y Jan-Feb. x Dec-Jan. † Per 76-lb flask. n Nominal. c Cents per pound.

INDICES

FINANCIAL TIMES

MOODY'S

Dec. 27	Dec. 19	M'th ago	Year ago
966.9	966.4	—	14042

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	Dec. 27	Dec. 19	Month ago	Year ago
Spot	121.99	122.83	—	140.42
Fut	124.33	123.68	—	143.58

(Base: December 31 1974 = 100)

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	1168-.5	+6.75	1172-3	+9
3 months	1178-.5	+8	1182-.5	+10
Settlem't	1168.5	+6.5	—	—
Cathodes				
Cash	1166-7	+7	1166-8	+5.75
3 months	1180-1	+10	1183-4	+9.5
Settlem't	1167	+7	—	—

Amalgamated Metal Trading reported that in the morning cash higher grade traded at £1,169, 68.5, three months £1,177, 78, 79, 78.5, 78. Kerb: Higher Grade: Three months £1,180, 79, 80, 80.5, 81, 80. Afternoon: Higher Grade: Three months £1,182, 82.5. Kerb: Higher Grade: Three months £1,182.5, 83, 82.5, 82, 83, 83.5. Turnover: 31,200 tonnes. U.S. Producers: 63.625-66.00 cents per pound.

TIN

LEAD

ZINC

ALUMINIUM

NICKEL

GOLD

SILVER

Silver was fixed at 19.75p an ounce higher for spot delivery in the London bullion market yesterday at 534.45p. U.S. cent equivalents of the fixing levels were: spot 609c, up 21.2c; three-month 620.8c, up 21.2c; six-month 634.7c, up 21.7c; and 12-month 666.5c, up 22.2c. The metal opened at 533-536p (611-614c) and closed at 541-544p (614-617c).

SILVER per troy	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	534.45p	+18.7	538.5p	+10.5
3 months	546.85p	+18.8	551.25p	+11.5
6 months	560.70p	+20.5	—	—
12 months	589.20p	+21.0	—	—

LME—(2,000 oz contract) cash 538.5p (528p); three months 551.25p (540p). Turnover: 0 (0).

Turnover: 45 (72) lots of 10,000 oz. Morning: large 2nd ring three months 540.0. Kerb: untraded. Afternoon: untraded. Kerb: large three months 555, 54, 54.5.

COCOA

The market quickly traded through contract highs on a combination of trade and commission house buying before easing slightly. Sterling weakness prompted a strong close. Some light origin offerings were noted along with consumer enquiry, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1964-1965	+17.0	1972-1950
May	1970-1971	+19.5	1976-1950
July	1972-1973	+20.0	1975-1911

COFFEE

GRAINS

The markets rose on both merchant and shipper buying with barley bid strongly against a lack of offers late in the day. Wheat firmed on good export restitutions to close at the highs. New crops were fairly subdued with hedge selling noted, reports Muirpace.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterd's close	+ or —
Jan.	111.00	+0.30	111.50	+0.85
Mar.	113.65	+0.25	114.00	+0.85
May	117.25	+0.20	116.60	+0.69
July	119.20	—0.10	—	—
Sept.	98.05	+0.05	97.95	—0.05
Nov.	101.05	—0.10	101.25	—0.05

Business done — Wheat: Jan 111.00 only. March 113.60-3.35, May 117.25-7.00, July 119.20 only, Sept 98.05-8.00, Nov 101.20 only. Sales: 116 lots of 100 tonnes. Barley: Jan 111.00-10.85, March 114.00-3.40, May 116.40-6.20, Sept 97.90 only, Nov 101.25-1.20. Sales: 116 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. dark northern spring no 1 14 per cent Feb 173.15, Mar 176 transhipment east coast. U.S. no 2 soft red winter Feb 157, Mar 158.75. English feed fob Jan 112.50, Feb 114.75, Mar 115.75, April 117, May 118.50, Sept 99.50, Oct 101.75, Nov 103 sellers. Maize: U.S. no 3 yellow/French Dec/Jan 146.50 transhipment east coast. Barley: English feed fob Jan 116, Feb 116, May 117 sellers. Rest unquoted.

HGCA—Loctional ex-farm spot prices. Feed Barley: S. East 110.40, W. Mids 109.80, N. West 107.20. The UK monetary coefficient for the week beginning Monday January 14 will remain unchanged.

PIGMEAT

Prices rallied on follow-through buying and light trade and speculative buying, but prices eased slightly on the close due to profit-taking, reports CCST Commodities.

POTATOES

OIL

Spot prices for Brent Blend climbed rapidly during early trading and lent strength to African crudes. Nymex opened 42c up but eased back 5c by 1 pm EST. In the petroleum products market gas/oil firmed initially on strong heating demand and a firm Nymex opening but prices stabilised later in line with New York. Heavy fuel firmed as the Continental-wide cold weather continued to stimulate demand—Petroleum Argus, London.

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arab Light	28.25-28.50	+0.225
Arab Heavy	26.60-26.80	+0.05
Dubai	27.30-27.40*	+0.20
Brent Blend	27.00-27.20	+0.55
W.T.I. (1pm est)	25.70-25.90*	+0.35
Forcados (Nigeria)	27.25-27.40	+0.25
Urals (cif NWE)	—	—
PRODUCTS—North West Europe "cif" ($ per tonne)		
Premium gasoline	231-233	—2
Gas Oil	230-231	+5.5
Heavy fuel oil	182-186	+1

*February.

Petroleum Argus Estimates

SPOT PRICES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Jan	231.50	+4.50	232.75-28.50
Feb	228.20	+3.25	229.50-25.00
March	222.50	+2.50	224.50-21.75
April	218.00	+3.25	218.50-16.25
May	217.25	+3.75	218.25-17.00
June	216.00	+1.50	217.00
July	217.00	+4.00	—

Turnover: 3,158 (2,089) lots of 100 tonnes.

RUBBER

PHYSICALS — The London market opened slightly steadier, reflecting further buffer stock buying in the East and closed quiet, reports Lewis and Peat. Closing prices (buyers): Spot 63.00p (62.25p); Feb 73.00p (72.00p); *March* 73.50p (72.75p). The Kuala Lumpur Jan fob price for RSS No. 1 189.75 (189.0) and for SMR 20 was 181.5 (181.0).

SOYABEAN MEAL

The market opened 50p-£1.00 higher during one of the busiest days of late, *reports* T. G. Roddick. Prices continued to rise on good shipper and *commission house support*.

	Yesterday close	+ or —	Business Done
	£ per tonne		
Feb	149.0-149.5	+2.85	149.4-146.5
April	148.3-148.5	+2.85	148.5-148.5
June	147.9-148.2	+2.15	147.8-147.9
August	148.7-149.0	+1.10	149.3-148.7
October	149.9-150.0	+1.70	150.0
Dec	150.2-151.1	+0.88	--
Feb	150.1-154.0	—	—

Sales: 1,325 (209) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $104.00 (£91.00), up $4.50 (up £3.50) a tonne for January-February delivery. White sugar $140.00, up $3.00.

Improved offtake continued to aid the price recovery. Improved chart patterns also attracted light commission house buying, reports C. Czarnikow.

U.S. MARKETS

PRECIOUS METALS followed the currencies: after trading lower most of the day gold and silver rallied but could not hold the gains, reports Heinold Commodities. Copper traded lower on profit-taking and on active arbitrage selling off depressed sterling. Aluminium was sharply lower as technical and speculative selling gave the market no reprieve. Sugar rallied on technically orientated buying and bargain hunting by speculative accounts. Cotton steadied on light commission house support in low volume *trading. Cocoa was basically* unchanged with light arbitrage selling offset by light manufacturer pricing; traders minimised their positions ahead of the U.S. grind report.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	High	Low	Prev
Jan	46.90	—	—	47.75
Feb	47.15	—	—	48.00
March	47.55	47.70	47.25	48.40
May	48.30	48.40	48.05	49.20
July	49.05	—	—	50.00
Sept	49.85	—	—	50.80
Dec	51.20	—	—	52.00
Jan	51.45	—	—	52.40
March	52.25	—	—	53.20
May	53.05	—	—	54.00

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
March	2091	2094	2075	2089
May	2114	2119	2101	2117
July	2116	2117	2104	2113

COPPER 25,000 lbs, cents/lb

	Close	High	Low	Prev
Jan	57.65	—	—	58.00
Feb	57.90	—	—	58.30
March	58.30	58.65	58.05	58.70
May	58.85	59.30	58.70	59.30
July	59.45	59.80	59.30	59.85
Sept	60.05	60.25	60.00	60.40
Dec	60.95	61.10	60.90	61.30
Jan	61.25	—	—	61.60
March	61.90	62.20	61.75	62.25
May	62.50	62.60	62.46	62.85

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
March	67.12	67.18	66.86	67.07
May	68.07	68.10	67.80	68.00
July	68.85	68.85	68.51	68.60
Oct	68.50	60.50	68.24	66.40
Dec	68.51	68.52	68.37	68.60
March	69.80	69.80	69.75	69.75
May	70.45	—	—	70.40

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

	Latest	High	Low	Prev
Feb	25.81	26.00	25.65	25.43
March	25.86	25.89	25.66	25.43
April	25.79	25.80	25.60	25.36
May	25.75	25.76	25.57	25.37

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
March	4.38	4.43	4.28	4.33
May	4.77	4.84	4.68	4.72
July	5.18	5.23	5.06	5.11
Sept	5.43	5.42	5.35	5.33
Oct	5.64	5.66	5.49	5.53
Jan	6.10	6.16	6.15	5.97
March	6.64	6.64	6.47	6.51
May	6.91	6.72	6.72	6.68

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Feb	64.57	64.90	64.52	64.30
April	66.47	66.77	66.30	66.02
June	66.80	67.17	66.65	66.47
August	65.20	65.65	65.15	65.00
Oct	63.42	64.00	63.37	63.17
Dec	64.80	65.22	64.60	64.57

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Feb	52.55	52.70	52.40	52.37
April	49.90	49.95	49.40	49.25
June	54.42	54.50	53.75	53.75
July	54.65	54.75	54.30	54.15
August	53.72	53.95	53.60	53.50

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
March	350.2	351.0	348.0	345.4
May	342.6	343.0	337.0	337.4
July	332.2	333.0	328.4	329.6
Sept	332.0	333.0	328.6	329.4
Dec	340.6	341.4	338.0	338.0
March	343.4	343.4	343.0	343.0

SPOT PRICES—Chicago loose lard 26.00 (same) cents per pound. New York tin 508.0-17.0 (508.0-22.0) cents per pound. Handy and Harman silver bullion 613.5 (600.5) cents per troy ounce.

OTHER MARKETS

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. March 581.0, 582.0, 582.0-581.5; May 585.0, 590.0; July 595.0, 597.5; Oct 582.0, 590.0; Dec 586.0, 595.0; March 592.0, 603.0; May 596.0, 607.0; July 595.0, 610.0 (May '85-July '86 untraded). Sales: 15.

COTTON

LIVERPOOL — Spot and shipment sales amounted to 213 tonnes. Mixed operations indicated some freer involvement among spinners. Activity centred on Middle Eastern growths including Russian and Turkish.

MEAT

MEAT COMMISSION — Average fatstock prices at representative markets. GB—Cattle 99.46p per kg lw (+1.71); GB—Sheep 162.89p per kg est dcw (—25.15); GB—Pigs 88.28p per kg lw (+0.13).

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 78.0 to 86.0; English hindquarters 97.0 to 101.5, forequarters 56.0 to 60.0. Veal: Dutch hinds and ends 124.0 to 128.0. Lamb: English small 74.0 to 82.0, medium 70.0 to 74.0, heavy 66.0 to 70.0; Scotch medium 66.0 to 71.0, heavy 64.0 to 69.0. Imported: New Zealand PL (old season) 67.5 to 68.5. Pork: English under 100 lbs 49.0 to 63.0, 100-120 lbs 55.0 to 60.0, 120-160 lbs 46.0 to 58.0.

ROTTERDAM

WHEAT—(U.S. $ per tonne): U.S. two soft red winter Feb 164.50, March 164.50. U.S. two northern spring 14 per cent protein spot 178, Jan 182.50, Feb 183, Jan 182.50, Feb 183, March 185, April/March 170. U.S. northern spring 15 per cent protein spot 189. April/May 187.50. U.S. three hard amber durum Jan 202, Feb 204; March 206, April/May 187, June 188, Sept 185. Canadian one western amber durum April/May 202.

MAIZE—(U.S. $ per tonne): U.S. three yellow afloat 134, Jan 133, Feb 132.50, March 131, April/June 132, July/Sept 133 sellers. Argentine Plate March 137, April/June 132.50 sellers.

SOYABEANS—(U.S. $ per tonne): U.S. No. 2 Yellow Gulfports Jan 242, Feb 241.50, March 242, April 243.25, May 244.25, June 244.25, July 245, Nov 239.85 sellers.

SOYAMEAL—(U.S. $ per tonne): 44 per cent afloat 167, Jan 170, Feb 168, March 169, April/Sept 170 sellers. Pellets Brazil afloat 182, Jan 184, Feb 184, March 177.50, April/May 170, April/Sept 174 sellers. Pellets Argentine afloat 173, Dec 174, Jan 175, Feb 175.50, March 174, April/Sept 172, May/Oct 171 sellers.

PARIS

SUGAR—(FFr per tonne): March 1370-1371, May 1420-1421, Aug 1510-1512, Oct 1580-1587, Dec 1636-1650, March 1750-1768.

COCOA—(FFr per tonne): March 2132-2134, May 2140-2145, July 2140 bid, Sept 2160 asked, Dec 2180 bid, March 2185 bid, May 2180 bid.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling at record low

Sterling fell to its lowest level ever in currency markets yesterday. There were no new factors behind the sharp decline but a steady stream of selling orders turned quickly into near panic conditions as banks and other institutions adopted a follow-my-leader attitude. This prompted a wave of stop loss selling as the pound suffered a major loss of confidence.

Its exchange rate index closed at an all-time low of 71.6 down from 72.3 on Wednesday and a six months ago figure of 77.2. Against the dollar it finished at a record closing low of $1.1330-$1.1340, a fall of 85 points from Wednesday's close in London. At one point it touched a low of $1.1295 as trading in the afternoon became very erratic. The pound also passed through the psychologically important DM 3.60 level without a pause to finish at DM 3.5675, its lowest level since March 1983 and down from DM 3.6075 previously. Elsewhere it dipped to SwFr 2.9900 from SwFr 3.02 and Y287.25 compared with Y290.25. It was also lower in terms of the French franc at FFr 10.9950 from FFr 11.03. Background factors behind sterling's fall included continued uncertainty over oil prices and the authorities' reluctance to see higher base rates. Despite sterling's fall to record levels there was little indication of any central bank support.

The dollar was also weaker amid rumours of an imminent cut in U.S. prime rates. These proved to be unfounded but added to the downward trend in Federal funds rates to push the dollar weaker. In addition U.S. money supply figures, due for release after the close of business in London, were expected to show a decline. Economic fundamentals tended to take a back seat however with the dollar finding good support around the DM 3.14 level but baulked by the fear of central bank intervention from testing the DM 3.18 level.

The dollar closed at DM 3.1430 down from DM 3.1630 and SwFr 2.6350 compared with SwFr 2.6515. It was also lower against the yen at Y253.70 from Y255.05 and FFr 9.6250 from FFr 9.6850. On Bank of England figures, its index fell from 145.9 to 145.7.

Early New York trading saw sterling recover slightly to $1.1350 while the dollar showed little change from London closing levels.

D-MARK — Trading range against the dollar in 1984 is 3.1760 to 2.5535. December average 3.1021. Trade weighted index 120.6 against 124.7 six months ago.

There was no intervention by the Bundesbank at yesterday's fixing in Frankfurt when the dollar was fixed at DM 3.1520 down from DM 3.1672 on Wednesday. The fixing level represented a steady recovery from opening levels with the U.S. unit finding good support as soon as it approached the DM 3.14 level. However there is still a reluctance to push above DM 3.18 for fear of central bank intervention.

Consequently trading volume was a little down from usual. Elsewhere sterling fell to DM 3.5920 from DM 3.6130 and the Swiss franc was lower at DM 1.1916 from DM 1.1953. Within the EMS the French franc was fixed at DM 32.64 per FFr 100 from DM 32.66 and the Belgian franc at DM 4.993 per BFr 100 from DM 4.9950.

STERLING EXCHANGE RATE INDEX (Bank of England)

8.30 am	72.2	72.4
9.00 am	72.2	72.2
10.00 am	72.2	72.2
11.00 am	72.1	72.3
Noon	72.0	72.3
1.00 pm	71.7	72.2
2.00 pm	71.8	72.2
3.00 pm	71.7	72.3
4.00 pm	71.6	72.3

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu January 10	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	44.5306	−0.82	−0.04	±1.5428
Danish Krone	8.14104	7.97675	−2.02	−1.24	±1.6421
German D-Mark	2.24184	2.22406	−0.79	−0.01	±1.1463
French Franc	6.87456	6.81346	−0.89	−0.11	±1.3659
Dutch Guilder	2.52595	2.51260	−0.53	+0.25	±1.5165
Irish Punt	0.72569	0.712579	−1.81	−1.03	±1.6671
Italian Lira	1403.49	1369.03	−2.46	−2.27	±4.0511

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York

	January 10	Prev. close
£ Spot	$1.1385-1.1395	$1.1450-1.1465
1 month	0.18-0.16 pm	0.18-0.14 pm
3 months	0.48-0.44 pm	0.49-0.47 pm
12 months	0.95-0.88 pm	0.90-0.82 pm

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST POUND

Jan 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.1295-1.1475	1.1330-1.1340	0.18-0.15c pm	1.75	0.50-0.45 pm	1.68
Canada	1.4950-1.5110	1.4950-1.4960	0.05c pm-0.03dis	−0.08	0.21-0.06 pm	0.39
Nethlnd.	4.02¼-4.07	4.03¾-4.04¾	1½-1¼c pm	3.90	4¾-3⅞ pm	4.02
Belgium	71.30-72.15	71.55-71.65	4-8c dis	−1.09	7-15 dis	−0.61
Denmark	12.78-12.92	12.80-12.81	2⅝-3¼ore dis	−2.69	6⅝-7¼ dis	−2.11
Ireland	1.1430-1.1550	1.1430-1.1440	0.39-0.55p dis	−4.93	1.00-1.30dis	−4.02
W. Ger.	3.56¾-3.60¾	3.56¾-3.57¾	1⅞-1⅝pf pm	4.20	3⅞-3⅝ pm	4.20
Portugal	191.10-196.85	193.15-194.45	255-580c dis	−25.89	715-1675dis	−24.66
Spain	197.03-198.55	197.05-197.80	45-75c dis	−3.65	125-180 dis	−3.09
Italy	2,192½-2,217	2,197½-2,198½	8-10lire dis	−4.91	22-25 dis	−4.28
Norway	10.34½-10.44	10.35-10.36	2¾-3¾ore dis	−3.55	7¾-8 dis	−2.99
France	10.91½-10.04½	10.99-11.00	½-1½c dis	−0.89	1¼-2¼ dis	−0.34
Sweden	10.24½-10.37	10.36-10.37	1½-1¾ore dis	−1.66	3¼-3⅞ dis	−1.37
Japan	286¼-290¾	286¾-287¾	0.93-0.88y pm	3.78	2.74-2.64 pm	3.75
Austria	25.05-25.30	25.07-25.11	5⅞-4⅞gro pm	2.42	16⅞-14 pm	2.46
Switz.	2.98½-3.02½	2.98½-2.99½	1½-1⅞c pm	5.27	4⅞-3⅞ pm	5.27

Belgian rate is for convertible francs. Financial franc 71.80-71.90.
Six-month forward dollar 0.86-0.81c pm. 12-month 1.00-0.85c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Jan 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.1295-1.1475	1.1330-1.1340	0.18-0.15c pm	1.76	0.50-0.45 pm	1.68
Ireland†	0.9900-0.9935	0.9910-0.9920	0.54-0.49c pm	6.24	1.45-1.35 pm	5.66
Canada	1.3194-1.3217	1.3212-1.3217	0.17-0.20c dis	−1.68	0.40-0.45dis	−1.29
Nethlnd.	3.5405-3.5700	3.5485-3.5495	0.70-0.68c pm	2.32	2.18-2.15 pm	2.43
Belgium	62.94-63.24	63.05-63.15	9-10c dis	−1.80	21-23 dis	−1.39
Denmark	11.24¾-11.34	11.28¾-11.29¾	3.10-3.80ore dis	−3.56	8¾-9¾ dis	−3.18
W. Ger.	3.1420-3.1600	3.1425-3.1435	0.70-0.65pf pm	2.57	2.10-2.05 pm	2.63
Portugal	170¼-171½	170¾-171½	250-530c dis	−27.37	700-1550dis	−26.32
Spain	173.70-174.50	174.05-174.20	65-72c dis	−4.72	185-200 dis	−4.42
Italy	1,933-1,943	1,940½-1,941½	10½-11lire dis	−6.65	27¼-28 dis	−5.72
Norway	9.10-9.15	9.12½-9.13½	3.55-4.05ore dis	−4.99	10.1-10.6dis	−4.53
France	9.62-9.67¾	9.62¼-9.62¾	1.95-2.05c dis	−2.48	5.1-5.4 dis	−2.17
Sweden	9.01¼-9.06	9.04½-9.05	2.30-2.80ore dis	−3.39	6.6-7.1 dis	−3.03
Japan	253.40-254.35	253.65-253.75	0.45-0.41y pm	2.03	1.33-1.28 pm	2.05
Austria	22.06½-22.18¾	22.11-22.13	2.00-1.30gro pm	0.89	6-4 pm	0.90
Switz.	2.6330-2.6515	2.6345-2.6355	0.77-0.71c pm	3.36	2.37-2.31 pm	3.54

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 63.35-63.45.

OTHER CURRENCIES

Jan. 10	£	$		£ Note Rates
Argentina Peso	214.99-216.27	190.18-190.33	Austria	25.20-25.50
Australia Dollar	1.3875-1.3895	1.2230-1.2255	Belgium	72.00-72.80
Brazil Cruzeiro	3,649-3,669	3,228-3,244	Denmark	12.84-12.97
Finland Markka	7.4900-7.5080	6.6150-6.6170	France	10.99-11.10
Greek Drachma	146.76-148.70	127.39-129.97	Germany	3.58½-3.62½
HongKong Dollar	8.8094-8.2005	7.7890-7.7920	Italy	2210-2250
Iran Rial	107.60*	94.00*	Japan	290-295
Kuwait Dinar (KD)	0.34515-0.34565	0.30520-0.30555	Netherlands	4.05-4.09
Luxembourg Fr.	71.55-71.65	63.05-63.15	Norway	10.39-10.49
Malaysia Dollar	2.7975-2.8017	2.4735-2.4750	Portugal	195-210
New Zealand Dlr.	2.4035-2.4085	2.1195-2.1220	Spain	196-205¾
Saudi Arab Riyal	4.0500-4.0550	3.5810-3.5820	Sweden	10.28-10.38
Singapore Dollar	2.4871-2.4910	2.1990-2.2005	Switzerland	1.13½-1.15½
Sth African Rand	2.3805-2.3920	2.1065-2.1095	United States	1.13½-1.15½
U.A.E. Dirham	4.1560-4.1660	3.6720-3.6750	Yugoslavia	250-298

* Selling rate.

CURRENCY RATES

Jan. 10	Bank rate %	Special Drawing Rights	Europ'n Currency Unit
Sterling	—	0.857092	0.620518
U.S. $	8	0.977428	0.704598
Canadian $	9.96	*	0.930492
Austria Sch.	4½	21.6285	15.6280
Belgian Fr.	11	61.6953	44.5305
Danish Kr.	7	11.0547	7.97676
Dmark	4½	3.08085	2.22406
Guilder	5	3.48013	2.51260
French Fr.	9½	9.43853	6.81346
Lira	15½	N/A	1369.03
Yen	5	248.267	179.144
Norway Kr.	8	8.92734	6.44003
Span'h Pta	½	170.231	122.917
Swedish K.	9	8.82520	6.37379
Swiss Fr	4	2.58461	1.85733
Greek Dr'ch	20½	125.795	90.7452
Irish Punt	13¾	N/A	0.712579

*C$/SDR rate for January 9: 1.28836.

CURRENCY MOVEMENTS

Jan. 10	Bank of England Index	Morgan Guaranty Changes
Sterling	71.6	−18.9
U.S. dollar	145.7	+51.5
Canadian dollar	91.0	−3.0
Austrian schilling	110.5	+3.4
Belgian franc	88.9	−10.1
Danish Kroner	76.4	−5.3
Deutsche mark	120.6	+6.5
Swiss franc	137.0	+8.0
Guilder	110.3	+3.1
French franc	63.7	−16.2
Lira	45.7	−13.8
Yen	154.0	+10.4

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

EXCHANGE CROSS RATES

Jan. 10	Pound Sterling	U.S. Dollar	Deutsche m'k	J'panese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.134	3.568	287.3	11.05	2.990	4.038	2198.	1.497	71.60
U.S. Dollar	0.882	1.	3.143	253.7	9.625	2.635	3.549	1941.	1.321	63.10
Deutschemark	0.280	0.318	1.	80.52	3.082	0.838	1.132	616.2	0.420	20.07
Japanese Yen 1,000	3.481	3.946	12.42	1000.	38.28	10.41	14.06	7653.	5.211	249.3
French Franc 10	0.910	1.031	3.245	261.3	10.	2.719	3.672	1999.	1.362	65.12
Swiss Franc	0.334	0.379	1.193	96.07	3.677	1.	1.350	735.2	0.501	23.95
Dutch Guilder	0.248	0.281	0.884	71.15	2.723	0.741	1.	544.5	0.371	17.73
Italian Lira 1,000	0.455	0.515	1.623	130.7	5.002	1.360	1.837	1000.	0.681	32.57
Canadian Dollar	0.668	0.757	2.383	191.9	7.345	1.997	2.697	1468	1.	47.83
Belgian Franc 100	1.397	1.583	4.983	401.2	15.36	4.176	5.639	3070.	2.091	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Jan. 10	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	9-9¼	8-8⅛	9⅜-9¾	5¾-5⅞	2¼-2⅛	5⅛-5⅜	10⅛-10⅝	13½-14½	10¼-10¾	10½-10¾	6⅛-6⅜	12⅜-12⅞
7 days' notice	9¼-9½	8-8⅛	9½-9⅞	5¾-5⅞	2¼-2⅛	5⅛-5⅜	10½-10⅝	14¼-15¼	10½-11	10½-10¾	6⅛-6⅜	12⅜-12⅞
Month	9⅞-10	7⅞-8⅛	9½-9⅞	5¾-5⅞	4⅝-4¾	5⅛-5⅜	10⅛-10⅝	14½-15	10½-11	10⅝-10⅞	6⅛-6¼	12⅛-12⅝
Three months	10⅛-10¼	8¼-8⅜	9½-9⅞	5⅝-5⅞	4⅛-4⅜	5⅛-5⅜	10⅛-10⅝	14⅜-14⅞	10½-11	10⅝-10⅞	6⅛-6⅜	11½-12¼
Six months	10⅜-10½	8⅜-8⅝	9⅝-9⅞	5⅝-5⅞	4⅛-4⅜	5⅛-5⅜	10⅛-10⅝	14¼-14⅝	10½-11	10⅝-10⅞	6⅛-6¼	11½-12
One year	10½-10⅝	9⅛-9⅜	10-10⅛	5⅝-6⅛	4¾-4⅞	5⅝-5¾	11⅛-11¼	14⅛-14⅝	10½-11	10⅝-10⅞	6⅛-6¼	11½-12

Asian $ (closing rates in Singapore): Short-term 8-8⅛ per cent; seven days 8-8⅛ per cent; one month 8⅛-8⅜ per cent; three months 8¼-8⅜ per cent; six months 8⅝-8¾ per cent; one year 9⅛-9¼ per cent. Long-term Eurodollars: two years 10⅛-10⅜ per cent; three years 11-11¼ per cent; four years 11¼-11½ per cent; five years 11⅝-11⅞ per cent nominal rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

FINANCIAL FUTURES

Gilts fall

Sterling dominated interest rate contracts were at the centre of attention on the London International Financial Futures Exchange yesterday. Gilts for March delivery opened weaker at 107-04, but tried to rally as cash prices held steady initially. The overnight weakness of the U.S. bond did not help confidence however, despite a relatively encouraging interest rate picture in New York. There was sufficient early confidence to encourage suggestions of a new tap stock, but after a move up to 107-109, the mood changed sharply as the pound fell to a record low against the dollar and major currencies in general. Unsubstantiated rumours circulated about a possible withdrawal by Nigeria from the Organisation of Petroleum Exporting Countries, putting further pressure on sterling, and closing March gilts at the day's low of 106-08, compared with 107-04 previously.

Three-month sterling deposits suffered from the same major factor, finishing at 89.43, after touching a low of 89.42, compared with the previous close of 89.81.

Eurodollar and U.S. Treasury bond futures opened weak, and after holding steady were sold again when Chicago opened. Traders reported a lack of U.S. institutional support, despite a fall below 8 per cent in the Federal funds overnight rate and an anticipated fall in weekly U.S. M1 money supply.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
March	90.86	90.91	90.84	90.93
June	90.26	90.34	90.25	90.35
Sept	89.75	89.84	89.75	89.84
Dec	89.32	89.39	89.32	89.42
March	88.96	—	—	89.06

Est volume 4,905 (7,160)
Previous day's open int 10,425 (10,454)

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
March	71-09	71-17	71-08	71-25
June	70-17	—	—	71-01

Est volume 1,787 (2,835)
Previous day's open int 1,457 (1,318)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Close	High	Low	Prev
March	125.90	125.90	125.30	126.05
June	126.00	—	—	126.15
Sept	126.00	—	—	126.15

Est volume 567 (440)
Previous day's open int 843 (827)

MONEY MARKETS

Sentiment suffers as pound falls

There was little overall change in interest rates on the London money market yesterday, but a considerable change in sentiment as the day went on. From a fairly confident start the market deteriorated, as sterling plunged to record lows on the foreign exchanges. Three-month interbank was below 10 per cent in early trading, closing at 10 per cent, compared with 10 1/16 per cent on Wednesday, while rates on eligible paper and certificates of deposit moved up slightly, without any conviction that the authorities will sanction a rise in bank base rates amid a general reluctance in the market to trade at present levels. Three-month bank bills firmed to 9 7/16-9⅜ per cent from 9 5/16 per cent, while the discount houses concentrated on selling as much paper as possible to the authorities.

UK clearing banks' base lending rate 9½-9¾ per cent since November 23.

The Bank of England forecast a market shortage of £600m in the morning, but changed this to £500m at noon. Total help on the day was £518m, by way of outright purchases of £384m bank bills at unchanged rates, and another £154m bills on a short-term resale basis.

An early round of help was offered, and at that time the Bank of England bought £101m bills outright, through £3m bank bills in band 2 (15-33 days maturity) at 9⅜ per cent; £8m bank bills in band 3 (34-63 days) at 9¼ per cent; and £90m bank bills in band 4 (64-91 days) at 9¼ per cent.

Further assistance was provided before lunch of £248m, when the authorities purchased £94m bills outright, by way of £3m bank bills in band 1 (up to 14 days) at 9¼ per cent; £10m bank bills in band 2 at 9⅜ per cent; £23m bank bills in band 3 at 9¼ per cent; and £58m bank bills in band 4 at 9¼ per cent.

Another £154m bills were bought for resale to the market on January 15 at 9¼ per cent.

In the afternoon the Bank of England purchased £169m bills outright, through £22m bank bills in band 1 at 9¼ per cent; £31m bank bills in band 2 at 9¼ per cent; and £116 bank bills in band 3 at 9¼ per cent.

MONEY RATES

Jan. 10	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.40-5.50	10⅛	2⅛-2⅝	5¾-5 11/16	6.09375	15⅝-16	7.15	13¼-14
One month	5.65-5.80	10⅛-10⅝	4 5/16-4 11/16	5¾-5 11/16	6.21875	15¾-15¾	10⅝-10⅞	14¾-15
Two months	5.65-5.70	10 1/16-10 3/16	—	—	—	—	—	14¾-15
Three months	5.65-5.80	10 1/16-10 3/16	4⅝-4¾	5¾-5 11/16	6.28125	15⅝-16	10⅝-10⅞	14¾-15
Six months	5.65-5.80	10 3/16-10 5/16	—	5 11/16-5⅞	—	—	10⅝-10⅞	14½-14¾
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	10⅛	—	5¾	—	—	—	—

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

Jan. 10 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	1-10¼	9-9¾	6-9⅞	1-9⅛	—	—	—	—	—
2 days notice	—	—	9¼-9⅜	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	9¼-9¾	9⅝-9⅝	9½-9⅞	9⅛-9⅛	—	—	—	—	—
One month	9 13/16-9 11/16	9⅝-9 13/16	9¾	9⅞-10	9½	9½	9 3/16	9½	9 13/16	10⅛
Two months	9 13/16-9 11/16	9⅞-10 1/16	10⅛	10⅛	9½	9½	9 3/16	9½	9 5/16	10⅛
Three months	10⅛-9⅞	9⅞-10⅛	10¼	10¼	9⅛	9 5/16	9	9 7/16-9½	9¼-9 5/16	10 3/16
Six months	10⅝-10¼	10¼-10⅛	10⅜	—	—	—	—	9 13/16-10	9 7/16-9¾	10 5/16
Nine months	10¾-10½	10⅝-10⅝	—	—	—	—	—	—	—	—
One year	10¾-10⅞	10⅜-10⅝	10½	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	10⅝-10	—	9 13/16	7.95-8.05	7⅝-7⅞	8¼-8 5/16
Two months	10⅝-10	—	10	8.05-8.15	7¾-8	9 5/16-9½
Three months	10⅝-10	—	10 3/16	8.15-8.25	7 15/16-8 3/16	9 5/16-9½
Six months	10½-10¼	—	10 5/16	8.5-8.6	8 5/16-8 9/16	9⅝-9⅞
Nine months	10¾-10½	—	10½	8.9-9.1	—	—
One year	10¾-10½	—	10 9/16	9.5-9.6	8 15/16-8 13/16	9⅝-9 13/16
Two years	—	10¾	—	—	—	—
Three years	—	10⅞	—	—	—	—
Four years	—	11	—	—	—	—
Five years	—	11⅛	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of Interest period December 5 1984 to January 1 1985 (inclusive): 9.913 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 10 per cent from January 1 1985. London and Scottish Clearing Bank Rates for lending 9½-9¾ per cent. London Deposit Rates for sums at seven days' notice 6-6¼ per cent. Treasury Bills: Average tender rates of discount 9.1738 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 9¾ per cent; one-three months 10 per cent; three-six months 10¼ per cent; six-nine months 10½ per cent; nine-12 months 10¾ per cent. Under £100,000 9½ per cent from January. Deposits held under Series 5 10 per cent. The rate for all deposits withdrawn for cash 7 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. January 10)
3 months U.S. dollars
bid 8 1/4 | offer 8 3/8
6 months U.S. dollars
bid 8 11/16 | offer 8 13/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10¾
Broker loan rate	9-10¼
Fed funds	7 15/16
Fed funds at intervention	—

Treasury Bills

One month	7.45
Two month	7.60
Three month	7.73
Six month	7.92
One year	8.34

Treasury Bonds

Two year	99 23/32
Three year	101¼
Four year	99 7/32
Five year	99 27/32
Seven year	100 15/32
10 year	100 27/32
30 year	101 9/32

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The Table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, January 9, 1985. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of January 9 at 11.00 a.m.
3 months: 8⅜ 6 months: 8⅞

ECU=$US.703688 SDR1=$US.976038
Sibor as of January 9 at 11.00 a.m.
3 months: 8 7/16 6 months: 8 11/16

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.60
Albania	Lek	8.8465
Algeria	Dinar	5.135
Andorra	Fr. Franc	9.695
	Sp. Peseta	174.95
Angola	Kwanza	29.918
Antigua	E. Caribbean $	2.70
Argentina	New Peso (o)	187.57
Australia	Dollar	1.2218
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	9.695
Guam	U.S. $	1.00
Guatemala	Quetzal (O)	1.00
	Quetzal (h,i)	1.47
Guinea Bissau	Peso	86.1176
Guinea Rep.	Syli	26.2913
Guyana	Dollar	4.12
Haiti	Gourde	5.00
Paraguay	Guarani (o,c)	240.00
	Guarani (d)	409.00
Peru	Sol (o)	5895.48
Philippines	Peso	19.40
Pitcairn Is	N.Z. Dollar	2.1115
Poland	Zloty (O) (5)	138.00
Portugal	Escudo	171.50
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.641

n.a. Not available. (m) Market rate. • U.S. dollars per National Currency unit. (c) Commercial rate. (d) Freemarket. (e) Controlled. (f) Financial rate. (o) Official rate. (b) Freemarket interbank. (1) Venezuela. For debts incurred prior to February 1983. (2) Saudi Arabia: Dec 27. Riyal devalued to 3.56. (3) Poland, Jan. 2. Zloty officially devalued by 10.87 per cent. (4) Equatorial Guinea: Dec 31. Currency joins Franc zone. (5) Jamaica: Nov 8. Rate adjustment fixed by Central Bank bi-weekly auction. (6) Somalia Jan 8. official devaluation of 29 per cent. (7) Bolivia: Unified exchange rate effective Nov 22. (8) Ghana: Dec 3. Cedi devalued from 38.5 to 50. For further information please contact your local branch of the Bank of America.

INTERNATIONAL CAPITAL MARKETS

SYNDICATE MANAGERS FACE PRICING PROBLEMS

New issues weigh down Euromarket

BY MAGGIE URRY IN LONDON

ALTHOUGH THE Eurodollar bond market is now suffering under the weight of new paper, yet more issues appeared in the market yesterday. Syndicate managers' efforts to be sensible when pricing deals failed in the main, and many issues floundered.

Salomon Brothers, however, was credited with fixing realistic terms for a jumbo, three-tranche issue for New England Life Mortgage Funding, similar to Salomon's successful $1bn issue for Prudential just before Christmas. The issue is to be used to restructure mortgages.

The first tranche is for $597.25m and has a seven-year life, but with a pro rata sinking fund operating from year 1 to give an average life of 4.2 years. The coupon is 11½ per cent and issue price par. It was trading inside the 1¼ per cent selling concession.

The second tranche of $149.09m has a 10-year maturity, but has a sinking fund starting after the first tranche matures, to give a 9.2 year average life. The coupon is 11¾ per cent and issue price par. Fees on this portion total 2 per cent.

The third portion is a 14-year zero coupon bond with a nominal value of $89.85 and issue price of $20.40. Commissions total 90 cents, and the bonds were trading within that discount around $19.75.

Hungary's return to the bond market, after a five year gap, was achieved through a $100m floating rate note issued by the National Bank. A hefty ⅝ per cent above the six-month London interbank offered rate seemed good enough to attract interest, along with fees of 1⅞ per cent.

The 15-year bonds have put options after eight, 10 and 12 years, and investors also have a "flip flop" option to switch into a three-year bond paying ¼ per cent over Libor after three years, with the chance to switch back to the longer bond. Led by Nomura International, co-leads were Arab Banking Corporation, Deutsche Bank, IBJ International, Lehman Brothers and LTCB.

The issue was regarded as effectively a syndicated loan and did not trade actively, although it was quoted well inside the fees.

Citicorp was again tapping the market, after Monday's $250m FRN, with a $100m straight issue. This was the subject of competitive bidding, and though the terms were tight, it was rumoured that even finer terms had been offered to the borrower.

Salomon Brothers won the bidding with a coupon of 11¼ per cent and an issue price of 99¾ for the seven year bonds. The issue was offered at a discount equal to the 1⅞ per cent total fees.

A 10-year fixed rate issue for the Republic of Austria was also considered aggressively priced, although the borrower's good name should ensure some demand. The issue is of $115m now with a $85m tap. The coupon was set at 11¼ per cent and issue price at 98¾, to allow a higher price for the tap if the market rises before it is released. Fees totalled 2 per cent, and traders quoted the bid price outside that level.

Phibro-Salomon set the exercise price for its warrant issue, announced on Monday, at DM 3,221.94 for each $1,000 U.S. Treasury 11⅝ per cent 1994 note. The dollar offer price of the notes was 100²⁷⁄₃₂, to which $1.50 is added, and the exchange rate used was DM 3.152.

Suntory, the Japanese distillery group, is raising $20m through a seven-year private placement, with a 11¼ per cent coupon and 100.15 issue price. The lead managers are Daiwa Europe and Bankers Trust and fees were 1 per cent.

Late in the day the World Bank joined in the bonanza with a $300m issue, lead managed by Deutsche Bank, with Credit Suisse First Boston and Nomura as co-leads. The seven-year bonds have a 11 per cent coupon and 99½ issue price.

BHF Bank bond average		
Jan 10		Previous
102.730		102.755
High	1985	Low
103.042		98.056

The Eurodollar bond secondary market is beginning to sag as more new paper appears, and prices were on average ¼ per cent lower. Recent issues varied, with the shorter maturities holding up better.

In the Canadian dollar Eurobond market the City of Quebec launched a C$45m issue led by Orion Royal Bank with Levesque Beaubien as co-lead. The seven-year issue has a 11½ per cent coupon and 100⅛ issue price. Terms were on the tight side, because of competitive bidding for the deal.

Commerzbank launched a DM 200m 12-year issue for Cepme, the French guaranteed business finance bank, pricing it with a 7¼ per cent coupon and 99½ issue price. In early trading the bonds were quoted around 98½.

D-Mark bond trading was again quiet with prices little changed, or slightly down in places.

In the Swiss franc bond market UBS launched a SwFr 150m public issue for Tohoku Electric Power. The bonds mature in 1993 and the indicated yield is 5¼ per cent, though it could be set a touch lower on January 17.

Swiss Volksbank was able to cut the coupon on the SwFr 50m private placement for Tokyu Store from 2¼ per cent to 2 per cent. Issue price is par.

The Swiss franc bond market has been deserted by investors moving into shares and turnover is low. Prices were ahead by ⅛ to ¼ point.

The European Investment Bank launched a Y30bn Samurai bond lead managed by Nomura Securities. The yield was fixed at 9 basis points above that on Japanese government bond issues, through a coupon of 6.7 per cent and issue price 99.60. The 10-year bonds have a nine year average life.

● Mr Peter Culver, a vice-president of Morgan Guaranty Trust is to take over as general manager of Euro-clear operations in Brussels, from Mr Thomas Fox who is returning to New York as a senior vice-president of the bank.

OVER-THE-COUNTER

Continued from Page 28

Stock		Sales (Hnds)	High	Low	Last	Chng
Kaydon		439	7⅛	6⅞	7⅛	+⅛
KelyJn		2496	2⅝	2⅛	2¼	
Kemp	1 80	150	44½	44¼	44½	+¼
KyCnLf	80	33	36	35⅞	35⅞	
Kevex		94	5⅞	5⅝	5⅞	+¼
KeyTrn		169	9½	9⅛	9½	
Kimbal	54	3	28¼	28¼	27¾	−½
Kimbrk		54	6	5¾	6	+¼

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for January 10.

Indices

NEW YORK

**Saturday January 5: Japan Nikkei-Dow 11,545.2. TSE 919.22.

Base values of all indices are 100 except Australia All Ordinary and Metals—500, NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. (u) Unavailable.